

# Nation's Business

A MAGAZINE FOR BUSINESSMEN

MAY 1954

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GROWING INDUSTRY**

**FUTURE OF AMERICA**

**FIVE STEPS TO  
STOP STRIKES**

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BUILD BETTER TOWNS**

**SEVEN LIVES: \$2,000**



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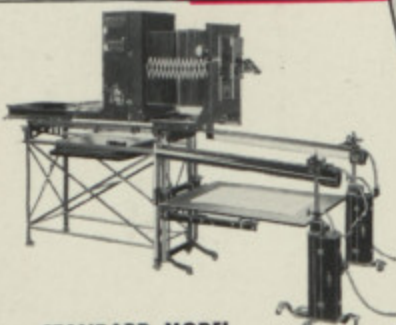
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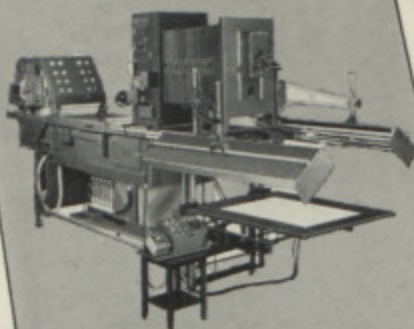
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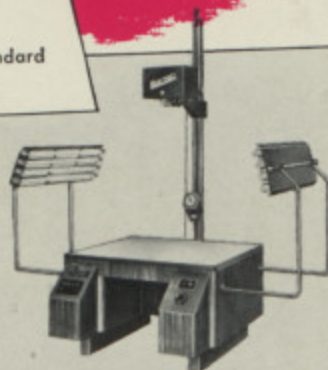
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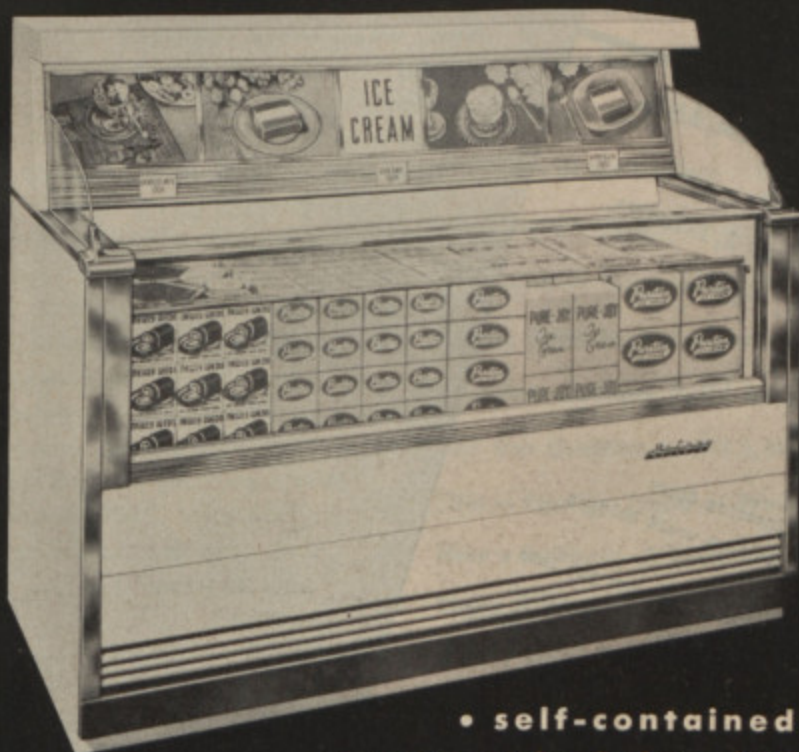
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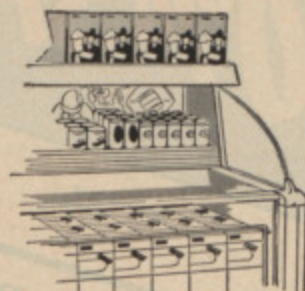
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**544 to 546**



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Kendallville, Indiana

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Kendallville, Indiana

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My Name.....

Store Name.....

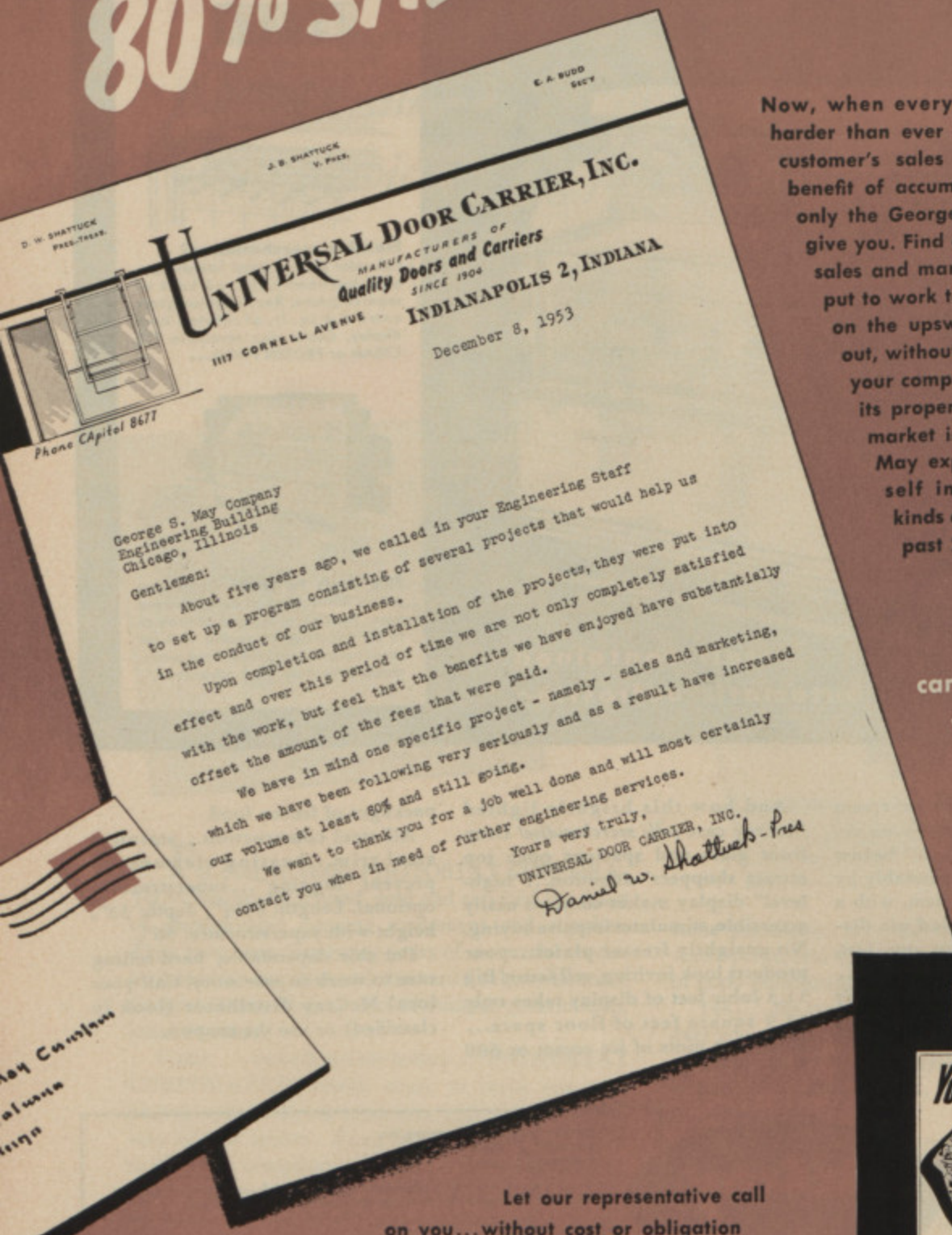
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# Nation's Business

MAY 1954 VOL. 42 NO. 5

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Editor Alden H. Sypher	7 Management's Washington Letter
Adm. Assistant Ruth D. Howard	10 Letters to the Editor
Executive Editor Paul McCrea	14 By My Way R. L. Duffus
Associate Editors George Haddock Kenneth W. Medley Donald C. Spaulding Elizabeth B. Coleman Paul Hencke	17 The State of the Nation Felix Morley
Art Director Ralph Patterson	21 Washington Mood Edward T. Folliard
Adm. Assistant Mary W. Davis	25 The Santa Fe Case: Union Shop vs. Human Rights Leo Wolman
Associates Asdur Takakjian Charles Dunn	28 Paper: Third Fastest Growing Industry Collie Small
Business Manager John F. Kelley	30 Chamber Colleges Build Better Towns J. C. Furnas
Asst. Business Manager William W. Owens	34 Salt Use Doubles—to Fill 1,400 Needs John Wesley Noble
Circulation Manager Floyd C. Zeigler	36 This is Foreign Trade at Work Sam Stavisky
Advertising Director Andrew Mawhinney	40 How's Business—A Look Ahead
Advertising Manager David Hyde	42 There Goes the Man Who Cut the Budget Alan L. Otten & Charles B. Seib
Western Advertising Mgr. Ray Orwig	46 Here's Where War Mobilization Stands Sterling Green
Production Manager W. Lee Hammer	56 Future of America
	68 South of the Border David L. Cohn
	80 Everything Goes in a Box Norman Kuhne
	82 Five Steps to Stop Strikes William F. McDermott
	92 12 Best Fishing Holes Erwin A. Bauer
	102 Talented Tape Taps New Markets Ray Josephs
	104 Trucks Conquer Thunder Paul Hencke
	105 NB Notebook
	107 Seven Lives: \$2,000
	108 The Record Pays Its Way James T. Rogers

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## ABOUT THIS ISSUE

VETERAN cover artist and designer **ERIK NITSCHÉ** executed this month's cover on the theme of the paper industry, the prospects of which are reviewed by writer **COLLIE SMALL** in a summary story starting on page 28.

Component parts of Mr. Nitsché's cover design symbolize such important commercial uses of paper as newsprint, containers and wall board. The vehicle of symbolism, by the way, is one which the artist has used with notable success in his career.

Born in Switzerland in 1908, Mr. Nitsché studied art in his homeland and later in Germany and France. He has worked in this country since 1934.

His talents have found wide-ranging expression in the designing of covers for magazines and record albums, and in poster, advertising and packaging design.

Mr. Nitsché's work has been enthusiastically acclaimed by men in his field.

He received the Art Director's Club Gold Medal Award in 1949 and joined the staff of the New York Museum of Modern Art as design consultant in 1951.

**DAVID L. COHN**, who wrote "South of the Border," starting on page 68, was managing a successful department store in New Orleans when the urge to write cut the ground out from under his peace of mind. He left the department store and wrote a book.

A publisher accepted the book and Mr. Cohn proceeded to burn his bridges behind him.

"The books have grown to nine, plus hundreds of magazine articles," Mr. Cohn explains, "but no man in his right senses would give up business for writing and I say this to any misguided businessmen who might now be toying with the aberrant notion."

Mr. Cohn's home is in Hopewell, N. J., but recent years have found him traveling in a wonderful variety of places. Globe-trotting has given him an opportunity to indulge in one of his favorite diversions: trying to explain the United States to "bewildered foreigners who look upon us as a people quite insane but good of heart and incredibly rich."

**ERWIN A. BAUER** picks the nation's "Twelve Best Fishing Holes," on page 92. Some rod enthusiasts undoubtedly will dispute his selections, but Mr. Bauer has a good background for choosing fishing holes; he's a veteran sportsman and editor of *The Fisherman*, a magazine devoted to fishing.



# TODAY'S ONLY ALL-NEW TIRE FOR YOUR SMALL TRUCK!

Gives 24% more traction—Up to 47% more tread wear!

IT'S TRUE—you'll never know how much you can get in extra traction and extra long life—until you see this ALL-new Traction Hi-Miler—NOW at your Goodyear dealer's.



HERE ARE JUST A FEW OF ITS MONEYSAVING FEATURES:

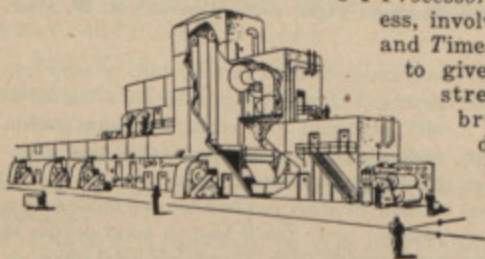
**NEW DESIGN, THROUGH AND THROUGH!** Comparative cross-sections show how old-style rib grooves squeeze into damaging points—while Traction Hi-Miler grooves retain rounded shape, ending big cause of tread cracks. This is just one example of its many design improvements to save you BIG money!



**NEW, FLATTER, 5-RIB SLOTTED TREAD!** Diagram shows how new Stop-Notches compress into "teeth" that hold road for better stops and starts, safer driving. Flatter, thicker tread means longer wear.



**NEW TRIPLE-TEMPERED (3-T) CORD!** Goodyear's multimillion-dollar, 6-story 3-T Processor. Goodyear's exclusive process, involving Tension, Temperature and Time, fully controls cord stretch to give the best combination of strength, heat-resistance and bruise-resistance. This produces the most enduring cord made, cuts tire failures to new lows, permits more recaps.



## ALL-NEW TRACTION HI-MILER

NEW IN DESIGN  
NEW IN TREAD  
NEW IN BODY

built with  
new, superstrong  
**3-T CORD**  
in **RAYON**  
or **NYLON**



**—BIGGEST MONEY SAVERS FOR YOUR SMALL TRUCK!**

**AND DON'T FORGET!**—The ALL-new Traction Hi-Miler is available at no increase in cost. In fact, you may be amazed when your helpful Goodyear dealer quotes his liberal trade-in price. Goodyear, Truck Tire Dept., Akron 16, Ohio.

Hi-Miler—T. M. The Goodyear Tire & Rubber Company, Akron, Ohio

# GOODYEAR

MORE TONS ARE HAULED ON GOODYEAR TRUCK TIRES THAN ON ANY OTHER KIND



*What is there about Wausau, Wisconsin, that makes it the ideal home for one of the world's most important insurance companies?*

*Employers Mutuals of Wausau invited an Atlanta air line president to visit its hometown and find out.*



"... an unusual distinction for a clergyman."  
Rev. Ray Kiely (left) and Mr. Woolman.

# Wausau Story

By C. E. WOOLMAN, President, Delta-C&S Air Lines, Atlanta

I'd heard about the Reverend Ray Kiely, pastor of one of Wausau's 33 churches. He had been named Man of the Year for Wisconsin by the Junior Chamber of Commerce. This is an unusual distinction for a clergyman, and I wanted to meet him.

He told me that Wausau businessmen often come to him to talk about applying the Golden Rule to their companies' affairs. That is a good commentary on the type of men they are in Wausau.

This impression was strengthened when I met Arnie Plier, head of Wausau's D. J. Murray Manufacturing Company. He greeted us cordially—dressed for comfort in a flannel shirt. Our chat went far beyond air travel and the big paper-making machines his company produces. Mr. Plier was as proud of the African violets on his window ledge as I am of the orchids I grow—and we enjoyed swapping information about our hobbies. You do things like that in Wausau.

I found the same refreshing attitude in Employers Mutuals' people. Their policyholders buy something more than insurance. They buy a way of doing business that is good. It springs from a deep belief in doing things right and well. And that, I think, springs from the good life of Wausau itself.



"... a deep belief in doing things right." Mr. Woolman (right) visits Wausau's A. W. Plier.

**Employers Mutuals of Wausau are "good people to do business with."**

There's a little bit of Wausau on the sidewalks of New York, and in all 89 cities where this company has offices. We have a reputation for fairness that bends over backwards to give our customers the protection they expect; and for unexcelled claim service. We are one

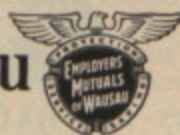
of the world's largest writers of workmen's compensation insurance and handle all lines of casualty and fire insurance as well.

We believe that insurance works at its best when it protects against the large losses that are unpredictable—rather than the small losses that are to be expected. For example, we are one of the first companies to offer group hospitalization insurance with new high-

maximum benefits to take care of major expenses. This is made possible by a "deductible" provision that keeps premiums within reason (similar to the deductible-type automobile insurance you buy).

May we show you how we can tailor such a plan for you? You'll find us good people to talk business with. Phone our local office, or write Wausau, Wisconsin.

## Employers Mutuals of Wausau





► HERE'S IMPACT of new industry on local business:

Eleven-county study shows retail sales zoomed \$375,000 in decade for every 100 new manufacturing employees added to the community.

Study covers widely scattered area, nonindustrial before World War II.

The figures:

Annual sales 10 years ago, \$78,000,-000; now, \$108,000,000 (in terms of '40 dollar); manufacturing employment increase, 29,000.

Industrial growth—per 100 workers—adds 338 to population, 117 new households, 172 employed persons, 62 school children.

It adds three new retail concerns, 165 new car registrations, 46 truck and bus registrations, 54 new residence telephones—per hundred.

Who shares in the retail sales boost?

Grocery stores add \$70,000 for every 100 workers; eating and drinking places, \$30,000; department, variety stores, \$45,000; clothing, shoe stores, \$30,000; auto dealers, \$50,000; building material dealers, \$20,000; others, \$130,000.

Study was made by U. S. Chamber's Economic Research Department.

► COMPARISON WITH boom's all-time high brings dip talk.

Let's look a little deeper:

National income's running about \$12,-000,000,000 (annual rate) ahead of '52, \$25,000,000,000 over '51, \$63,000,000,-000 over '50.

Remember: Those were peak years while we were in them, not recession.

To find dip you have to compare this year with '53's peak.

Another point: Look with care at unemployment figures. They can mislead.

Here's why:

Agricultural employment's dropped from 8,026,000 in '49 to 5,697,000 today.

That's loss of 2,329,000 jobs.

In same period, nonagricultural employment's jumped from 50,684,000 to 54,350,000.

That's gain of 3,666,000 jobs.

Today's jobless figures, as percentage of total labor force, are about

same as in 1949—5.5 per cent.

But we've added net of 1,331,000 jobs—and filled them.

Note: Gross national product follows same pattern as national income:

It's running about \$360,000,000,000—down from '53 peak; but \$12,000,000,000 above '52; \$31,000,000,000 above '51; \$102,000,000,000 above '49.

Recession?

► NEW ORDER backlogs build up in manufacturing industries.

More firms (36 per cent) expect increase than expect declines (27 per cent).

It's first time in more than a year that has happened, means industry sees second, third quarter upswing.

They're backing up this belief with dollars, too.

Capital expenditure plans show only 19 out of 119 firms will cut outlays—and not by much.

► MAKE SURE your workers have enough to do.

University of Illinois study says one reason for high turnover is that employees haven't enough to keep them busy.

Out of 2,700 persons who quit their jobs, 9 per cent—243—gave this as reason.

► HERE'S WHY department store operators, consumers' goods makers, are optimistic:

Customers are buying goods, aren't living out of stocks.

Index figures tell story:

With 1947-49 equal to 100 as base period, store inventories stood at 126, sales at 112 in '53 (annual rate).

This year: Inventories are 118, sales, 110.

Eight-point spread this year compares with 14-point spread in '53.

Inventory cut at retail means production must step up to fill shelves.

► BUT—what is inventory?

It's important to understand term, not think of it as liability.

Why?

Now at \$80,000,000,000, total busi-



ness inventory is highest in history.

It's cited as weak spot by many economists.

But inventories are in constant flux, mean different things to different areas of business.

Examples: 95 per cent of real estate firm's assets are inventory.

In stores, some items don't move fast, others go as soon as they're put on the shelf.

Result: Inventory always is up in some lines, down in others, nonexistent in others.

It changes from day to day.

Note: In competitive period, this means careful weeding out of slow-moving items, stepped-up merchandising, care in purchasing, some price cuts.

Look over your own stocks—you can probably get inventory-sales ratio in better shape.

► **PRESCRIPTIONS**—old drugstore standbys—are coming back.

Americans paid \$1,039,477,000 for prescriptions in '53, will pay more this year.

That's first time in history sales have topped \$1,000,000,000.

Expenditure averages out to 23.7 per cent of drugstore sales—highest in recent years.

Average family buys 8.4 prescriptions a year. The cost: \$2.44 each.

Which medicines sell most?

Weight reducing aids, heart disease antidotes.

► **CORPORATE NET INCOME** report shows soft—as well as strong—spots in economy.

It doesn't hurt to recognize weaknesses, study them through, put them in proper perspective.

Perspective adds to confidence in strength of over-all economy.

Here's proof:

Woolen goods—they're hardest hit, show big deficit in net income after taxes; sugar refining income's down 50 per cent; coal mining, 43; agricultural implements, real estate, 20; silk and rayon, 17.

Here's perspective:

Out of 3,444 leading corporations, 559, or 16.2 per cent, list average

income drop of 11 per cent.

Remaining 2,885 firms—83.8 per cent—boost average income 14.7 per cent.

What it means: Most business is up.

► **GOVERNMENT'S LABOR** policy appears to be paying off.

That's evident from strike count so far this year—after 15 months of "hands off" by Uncle Sam.

The figures:

Strikes in same period before policy change, 700; strikes since January, '53, 450.

► **FORTY-TWO PER CENT** of population is in nonproductive age group.

That's group under 20, over 65. It totals about 67,200,000 persons.

In 1960, experts say, percentage may go to 46.

But let's look further back, see if there are more nonproductive persons now than in past.

This is picture since 1920:

In '40, 41 per cent of population was under 20 or over 65; in '30, percentage was 44; in '20, 45.

Or put it this way.

In 30 years, proportion of productive workers in total population hasn't varied more than 4 per cent.

Note: Number of nonproducers now, at start of atomic age, is about same as at start of depression years.

► **COMPARE YOUR** sales growth with consumer spending—not last year's sales.

You may find—some firms have—you're getting more sales, but sliding backward relative to your potential.

Examples: Airline looks into international travel, finds traffic from U. S. ought to be double what it is to compare with travel expenditures in 1929.

So what does airline do?

It starts time-payment plan for international travel, taking cue from auto sales growth as result of installment credit.

Life insurance companies, with record sales in '53, had 5.8 per cent of consumer dollar as against 6.2 in 1952.

So they step up sales effort.

Compare your own sales growth with what consumer has to spend—it may surprise you.



# washington letter

► **STOCKPILE NEEDS** for defense face overhauling.

Look for new definitions of "domestic supply sources." They'll be out soon.

Sources will take in Canada, Latin America as far south as Venezuela.

Theory is that supply lines in these areas can be defended.

You have to look under the surface for what it will mean:

Stockpile needs will be cut for some materials—nickel's one—by as much as 50 per cent.

This takes government out of market, eases civilian industry supply picture.

At same time, "foreign sources" stockpile objectives may be doubled.

This lets U. S. resume tungsten buying in South Korea, re-enter tin markets in Bolivia, southeast Asia.

► **PRESSURE GROWS** for new business census. That's evident from testimony before House committees.

Estimated cost for census (to be taken for 1954 in 1955): \$13,000,000.

That's main hurdle now.

House, Senate both favor census, slow down when it comes to appropriation.

Note: This month should see problem resolved, one way or another.

► **THIS IS** reckoning time for Congress.

Lawmakers are jittery as bills pile up, campaigning time nears.

Pressure's on, too—from everywhere.

Current session must produce record—it's what all of House, third of Senate will have to show in November—to get votes.

Against this background, new problems pile up:

Hydrogen bomb, civil defense, political liaison with allies, world economics.

Here's what to expect on major bills in Congress:

Taft-Hartley, little action; Social Security, more benefits, broader coverage.

St. Lawrence Seaway, probably pass; debt limit rise, last minute or not at all; Hawaii, Alaska statehood, next year.

Vote for 18-year-olds, doubtful; tax revision, doubtful; public health grants, pass.

Postal rates, no action; home building, redevelopment, pass with some changes; health insurance, doubtful.

Foreign trade, farm legislation, no action.

► **SEVEN OUT OF 10** U. S. companies give employees an extra two-week vacation.

It's done with coffee breaks, other work interruptions.

Study of 102 companies, large and small, shows employers paid for 100 free minutes each week.

That's at rate of 20 minutes daily for 40-hour, five-day week. In a year it comes to 83 hours, 20 minutes—better than two 40 hour weeks with pay.

► **NUMBER OF** production workers in manufacturing industries has grown.

But salaried workers in industry have grown faster, percentagewise.

The figures:

Salaried employees in 1899, 348,000; this year, around 3,000,000.

That's increase of 575 per cent.

Production workers, 1899, 4,340,000; today, more than 12,000,000.

That's rise of 173 per cent.

► **BRIEFS:** Three manufacturing industries—aircraft, electrical machinery, chemicals—do half the industrial research in U. S., employ more than 50,000 of 96,000 research engineers.

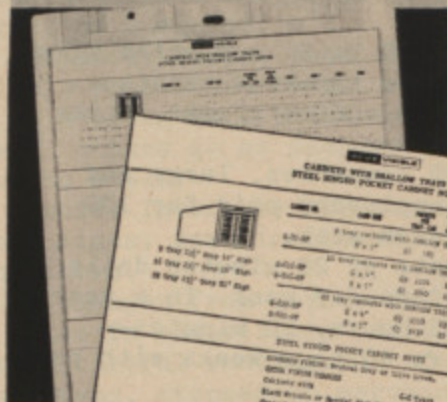
. . . Banks with small trusts (not over \$100,000) seek legislation to form investment companies to handle the funds.

. . . Circuses are big business: Operating costs of one major circus come to \$20,000 a day; show travels 16,000 miles a year, visits 137 cities, is seen by more than 3,000,000 people.

. . . Total assets of all federally insured commercial and mutual savings banks reach all-time high of \$211,000,000,000, growth of \$6,000,000,000, or 3 per cent, in one year. . . . Between 1940 and this year, population of U. S. is up 21 per cent; total output of factories, mines has jumped 100 per cent; so, about one fifth of production total is used to keep up with expanding population. . . . It's a fact: Three fifths of all men between 65 and 69 are gainfully employed, as are two fifths of those between 70 and 74.



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# Letters TO THE EDITOR

## We're both right

We have to disagree with one statement in your editorial "Small Business: It is the Country!" You indicate that small businessmen run their businesses with "no help from anybody." The small cleaner, launderer, or as a matter of fact, any other business, is getting a considerable degree of help from the one source that has always been the friend and helping hand of the small operator, viz: his trade association.

As an association executive, dedicated to servicing the small businessmen in our industry, it troubles me to see in NATION'S BUSINESS a generalization that small businesses are run with "no help from anybody." The trade association is a small businessman's spokesman, his research department, his interpreter, and his legislative council . . . all that in one.

The small businessman today does not have to go it alone. He has, if he wants it, the help of his national, state and local associations and he can see that they help him because he is the trade association.

R. V. WHALEN

Executive Secretary, New York State  
Laundryowners Association, Inc.  
Buffalo

Note: As Mr. Whalen says, the businessman "is the trade association." Through his membership in it, he is helping himself. We referred to outside help.

## Communists in Mexico

"Dagger at Our Backs," by Stanley Ross, in your April issue, should really make people sit up and take notice of how strong the communists are getting. The Reds in Mexico are steadily increasing. I have talked with several persons across the border and am surprised at the large number that are swallowing the Red propaganda, and sincerely believe in it. I find it useless to argue with any of them.

BEATRICE MONKHOUSE  
El Paso, Texas

## Indiana's revolt

The article "Indiana's Revolt" states that names of relief recipients were refused me as prosecutor. In a sense that is true, but the local Welfare Department was cooperative in providing me with information in such a manner as not to involve it with the state and federal authorities. The inference is left from the language used in the article that I was totally denied information which, as prosecutor, was essential to a proper discharge of my duties.

Later on the article states, in discussing the reduction in number of recipients, that no other state can compare with Indiana. Actually some three

or four states, among them Pennsylvania, have had a greater reduction, percentagewise, in total number of recipients than Indiana has had.

There is still one other matter which I wish to call to your attention. When Mr. Thompson interviewed me I told him about the tremendous support given by the Indianapolis Star during the legislative battle. Because of the Star's position, many other newspapers in the state took up the battle for us legislators. It occurs to me that it would have been proper somewhere in the article to give credit to the Star for this support.

D. RUSSELL BONTRAGER  
State Senator  
Indianapolis

Would it be possible for me to get 200 tear sheets of the article "Indiana's Revolt?"

For a number of years I was chairman of the Senate Appropriations Committee and became convinced that there has been much fraud in connection with old age assistance and particularly in the aid to dependent children program.

CLINTON S. HARLEY  
Seattle, Wash.

## Maximum protection \$1,000 less

Altogether, your article "Overhead Keeps Powerlines Overhead" is logical and factual, but concerning the question of stand-by power for homes I would like to point out some inaccuracies. Mr. Bloom quotes an official of a utility company as follows: "In order to have enough power to run an electric range, you would need a fairly hefty \$3,000 to \$4,000 home generator." Let's look at that statement—The average range draws about 12,000 watts, with all burners turned on. However, no one would expect to use a range to full capacity if he were using emergency power.

But, if you still want to—or need to—use all burners on your electric range, you can do so with a 15,000-watt plant, and have enough power left over for all other essential equipment. And our price for this is still \$1,000 less than your utility man's lowest estimate, or \$2,025! And you will have more than maximum protection.

EDWIN C. HIRSCHOFF  
Minneapolis

## Costs, hidden and otherwise

The observation in Laurence Greene's interesting article on inland waterways (March issue) to the effect that the contribution of the inland waterways is "the movement of those essentials to industry and commerce at a cost sufficiently low to make the over-

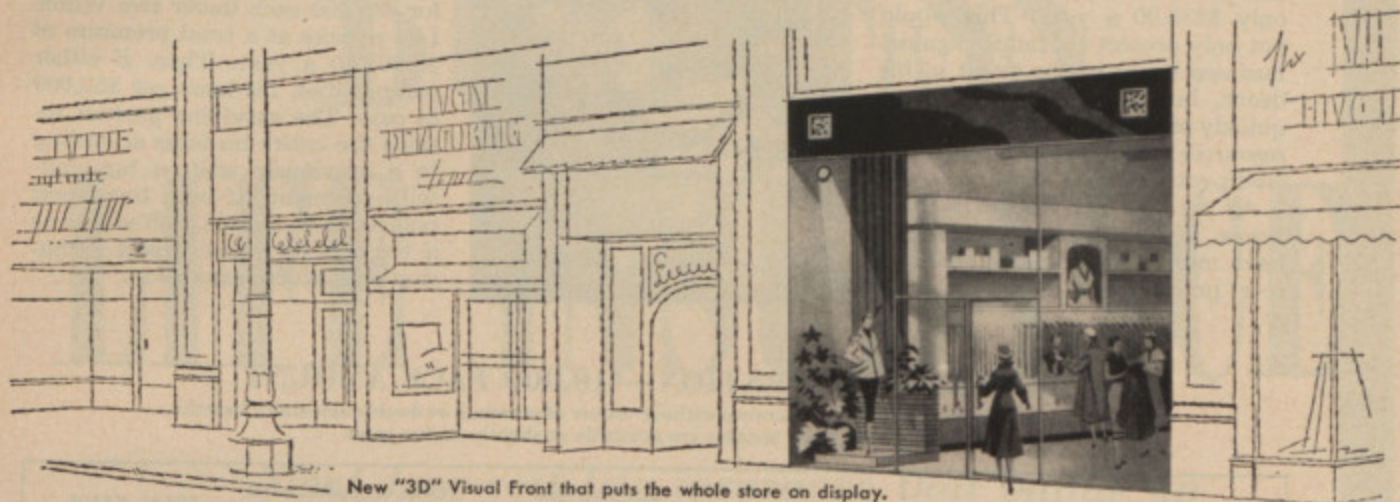
(Continued on page 74)





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## EXAMPLE NO. 2

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AGE AT ISSUE	ANNUAL PREMIUM	TOTAL ANNUAL PREMIUMS 20 YRS.	GUARANTEED CASH VALUE AT END OF 20 YRS.	TOTAL ACCUMULATED DIVIDENDS 20 YRS.* PLUS TERMINATION DIVIDEND	TOTAL VALUE END OF 20 YRS.*
25	\$175.90	\$3518.00	\$2890.00	\$ 970.00	\$3860.00
35	235.90	4718.00	3710.00	1230.00	4940.00
45	336.40	6728.00	4640.00	1600.00	6240.00
55	504.60	10092.00	5590.00	2230.00	7820.00

\*Assuming that all premiums called for in the policy are paid in full and all dividends are accumulated, based on the Company's 1954 Dividend Illustration Scale and Interest Rate, and that the policy is surrendered at the end of twenty years. This is not a guarantee, estimate or promise of dividends or results.

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## Romance miscues

THERE are a number of persons I wouldn't like to be. One of them is the New York man who was twice arrested for trying to flirt with young women he didn't know. There just isn't any romance in that sort of thing. Incidentally, I should mention that in each case the young woman was a policewoman, with a star pinned on her coat as well, perhaps, as some in her eyes.

## How time flies!

SCIENTISTS now are beginning to think that life may have appeared on earth 2,000,000,000 and more years ago, or about 1,000,000,000 years earlier than formerly supposed. It was a simple form of life, with few troubles, and I suppose what the statement goes to prove is that time flies fast when you are happy.

## Travel record

THE GREATEST travelers aren't those who get their names in the newspapers by adventures in darkest Africa or the polar regions; they are the postmen, who go daily on their appointed rounds and bring us a lot of mail we want to receive as well as some we don't. I take off my hat to A. L. Young, of Meridian, Miss., who recently completed his 35th year and his 149,414th mile in the postal service. I wonder if Peary, Livingstone, Ernest Hemingway or Christopher Columbus ever walked that far.

## Lucky primitive man

I AM GLAD I am not, and am not likely to become, a primitive man. However, I think he had something we don't have—as did his wife. He didn't worry about his weight—and neither did his wife.

## Doing it oneself

A NATIONAL group of painting and decorating contractors has been

getting nervous because so many Americans are trying to do it themselves. If there are many Americans like a man I know, the contractors needn't worry—and neither need the plumbers and carpenters. This man can't paint a window sill without making a job for the cleaner; he can't drive a nail without making work for the carpenter and sometimes the doctor; and practically all the building trades would find full employment immediately if he attempted to fix the plumbing. Incompetent, public-



spirited, cheerful under adversity—that's him, and the contractors and workmen needn't worry for fear he'll put them out of business. Yes, as the radio announcers put it, that's him. Or rather, me.

## Boy, bad and good

I READ about juvenile delinquency and juvenile delinquents with a certain amount of sympathy. I don't mean that I sympathize with delinquency, for I do not. But I wonder how good I would have been, as a boy, if I had not been brought up in an environment in which it was almost impossible to be really bad. In my small Vermont town we stole apples and butternuts—but from trees, not out of stores or off stands. We didn't need many, and the owners didn't seem to mind. We also stole time, which nobody owned. City boys didn't have as many such opportunities and I suspect country boys today don't have as many as we had.

Of course we don't want bad boys. We should do all we can to prevent them. But my belief, based on experience, is that there are not many naturally bad boys, there are



just boys who get bored with life. When we got bored with life we went swimming, built a tree house, found ourselves a cave (a small one, but imagination did the rest), played baseball, pretended we were Indians or cowboys, fought battles with crab apples or snowballs. We didn't become delinquent. We didn't have to—delinquency had no appeal for us. We had fun without it. There's a moral here, I think.

## Good men but not super

MACHINES go faster every year. Men don't. A grand old citizen named Bernie Wefers celebrated his eighty-first birthday, in New York City, a while back. During the 1890's Mr. Wefers cut four tenths of a second from the hundred-yard dash; that is, he did in 9.4 seconds what the previous record holder had done in



9.8. Today's record, set by Melvin Patton in 1948, is 9.3 seconds. Somebody may beat that some day, but not by much. Good legs, good lungs, good training and the fighting heart make runners, and the raw material doesn't change much with the years. And we need some permanent values in this whirling life we lead.

## Add pleasant sounds

I LOVE music—some music, anyhow—but I don't believe I enjoy any music as much as I do the sound a big orchestra makes when it is tuning up, on stage, just before it begins to play. Those rustles, squeaks, toots, twitters, strums and thumps captivate me. I could listen for hours, with somewhat the same pleasure I feel in listening to rain on the roof as I lie snugly in bed.

## The postal deficit

SPEAKING of postage rates, I wonder if the Post Office Department wouldn't be a little more solvent if it charged a minimum for first-class mail answered on the day received, and maybe one cent extra for each day that the recipient put off answering.

Most of my letters (and this shows how public-spirited I am) would cost me from 25 cents up under this system.



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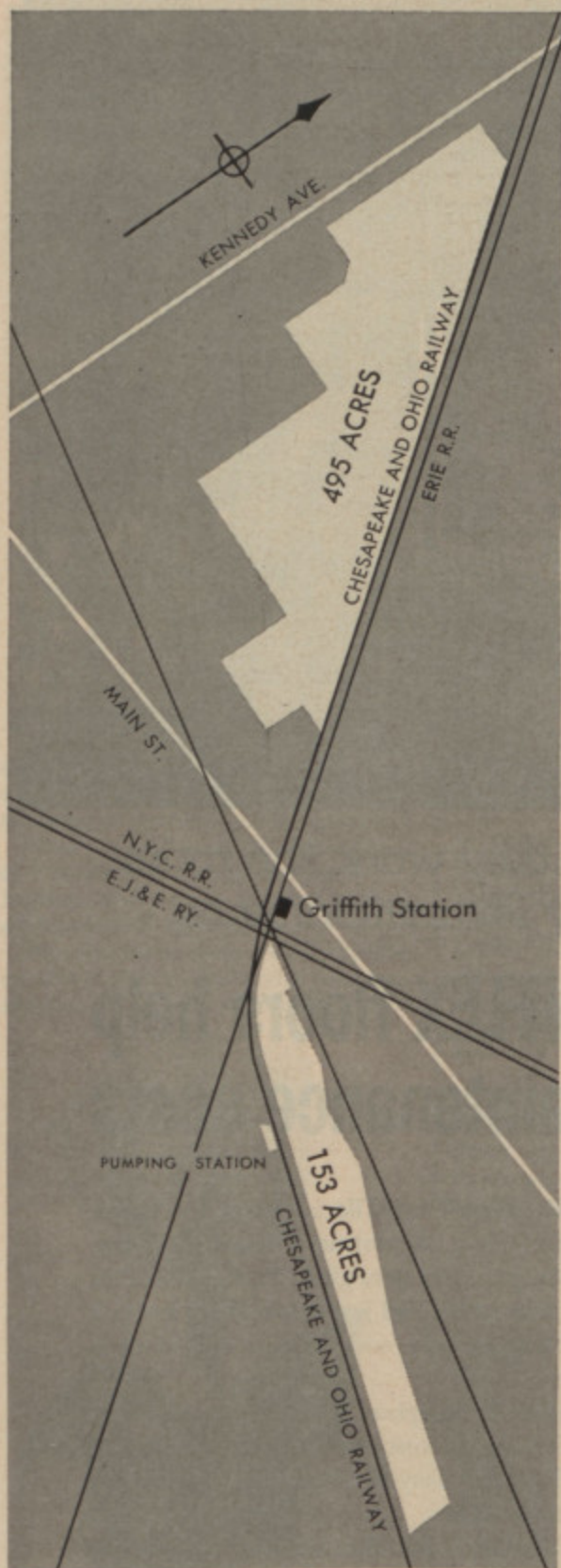
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## OF NATION'S BUSINESS Trends



BY FELIX MORLEY

### THE STATE OF THE NATION

**M**UGWUMP" is a good American word, of wholly respectable lineage, that has now all but dropped into disuse. Yet 70 years ago the term was on everybody's lips, and on the front page of every newspaper.

In 1884, a Presidential year, former Representative James G. Blaine of Maine was chosen as the Republican candidate to run against Gov. Grover Cleveland of New York, the Democratic nominee. While both were conservative, certainly by modern standards, many Republicans regarded Cleveland as much the better choice. Especially in New York these Republican dissidents organized to bolt the party so successfully that Cleveland won that key state and was narrowly elected, though with a minority of the popular vote.

Politics then was at least as vituperative as it is today and the ill-sounding term "mugwump" was used by regular Republicans to deride their bolting brethren. "A mugwump," the regulars asserted, "is a creature which has its mug on one side of the fence and its wump on the other." But it was also said that the name derives from an Indian word meaning chief, or elder statesman, so the intended epithet was acclaimed by the bolters. Probably this uncertainty as to whether mugwump is to be taken as compliment or insult has led to its lapse from usage.

There is today a strong case for reviving the spirit, if not the name, of mugwumpery. For while

party regularity is important, since without it no political organization can be either stable or effective, there are considerations of individual and national integrity which outweigh the welfare of the party. Few would argue that blind loyalty to a party should be maintained if its leadership becomes offensive either to one's conscience, or to one's sense of the dominant national interest. In the words of Sen. Harry F. Byrd, arguing recently against deficit financing, whether Republican or Democratic:

"I especially urge that these proposals, vital to our future security, should not be decided on the basis of partisan political advantage. When it comes to our security we are all Americans, and no one can deny that the cornerstone of our future security lies in solvent government."

If a political party is to stand for something more fundamental than patronage and the service of special interests it must reflect certain principles of government. Only as the defender and advocate of these principles can or should the party secure general adherence and support. The average citizen is loyal to his party when, but only when, that party stands for something idealistically important to him. In that case the individual will gladly sacrifice both time and money in the party interest; he will be ready to give instead of anxious to get.

The cleavages in both of our great parties at the present time are not fundamentally unhealthy. On the contrary, the internal struggles are in both cases efforts to achieve a clearer political philos-



an interventionist faction. The Democratic Party, in equally general terms, is divided by a leaning toward centralized socialism on the one hand, and a belief in home rule, often defined as states' rights, on the other.

Because neither of these internal divisions can be easily bridged, there has been, since the war, much talk of political realignment. What this means depends somewhat on who is talking. For instance, noninterventionist Republicans would like to have the Southern Democrats unite with them. The New Deal Democrats are equally eager to get the support of those sometimes described as "Herald-Tribune Republicans." The fact that these efforts have made so little headway does not mean that they are fundamentally irrational. Most advocates of political realignment have been extremists, more eager to assert themselves than to consider the many crosscurrents involved. For that reason Senators Byrd and Humphrey on the one hand, Senators McCarthy and Saltonstall on the other, keep the same somewhat ambiguous political labels.

There is nothing new in the failure of the two great parties to take firm position on matters of principle. Viscount Bryce, writing "The American Commonwealth" when mugwumpery was young, commented sharply on our political pusillanimity. In a passage which reads amusingly today, Bryce says that not even on the subject of the liquor traffic will either party (in 1894) take a firm stand. "The drinking part of the population is chiefly foreign. Now the Irish are mostly Democrats, so the Democratic Party dare not offend them. The Germans are mainly Republican, so the Republicans are equally bound over to caution."

The novel factor today is the extreme friction, within both old parties, caused by the effort of divergent groups to establish antagonistic principles as the guide of political conduct. But this is not necessarily undesirable. Even if one regards a particular principle as misguided, we can admire those who make a strenuous effort to live by it. For instance, many Americans do not believe in celibacy of the clergy. But only a very intolerant Protestant would criticize a Catholic priest for holding faithfully to that conviction.

It might therefore be argued that the tendency of the two great parties to split into four is desirable, since differences on matters of principle rather than any mere lust for the fruits of power underlie the cleavages. This is what actually happened just before the Civil War, when the Democrats broke into northern and southern parties while the Republicans separated out from the wreckage of the

ophy within the parties. In the Republican Party the primary struggle, broadly speaking, is between an isolationist and

old Whig Party. Conceivably there might in 1956 again be four major parties contending for the Presidency, as there were in 1860, when Lincoln was elected by just under 40 per cent of the popular vote.

Any such outcome, however, would be a catastrophe for the republic. Our two-party system, focusing clear-cut responsibility on both administration and opposition, has great advantages. More than any other factor it is the multiplicity of political parties, leading to weak and unstable coalitions, that has reduced France to a position of relative futility. Two political parties with internal divisions, wavering this way or that under the stress of factionalism, are still far better than a multiplicity of parties wholly unable to agree among themselves.

But to say that is not to acclaim factionalism within a party. To accomplish great ends, a party, like a nation, must be united. And the best way to unite it is for the plain voters to exercise their latent power to nominate and elect men of integrity.

That, in fact, was the lesson taught by the now almost forgotten rebellion of the mugwumps, just 70 years ago. It was the bolters from the Republican Party who elected Cleveland, and few Republicans today would say that this was any calamity. By the same token Democratic bolters in turn insured the successive defeats of Bryan in the following years. The part they played in electing President Eisenhower is recent history.

As an occasional outburst of mugwumpery clears the political atmosphere, so its continuous absence encourages political apathy. The "Solid South" tradition unquestionably helped the New Deal to enact much legislation which a large majority of southerners individually opposed. Eventually, this dilemma of the Southern Democrats was solved by the "Dixiecrat" members of Congress, who time after time voted with the Republicans against President Truman. Party discipline would actually have been less undermined if this revolt had started among the southern rank and file. Mr. Truman, speaking as the party leader, could with some reason assert that there were "too many Byrds in Congress." But a Presidential statement that too many southerners vote Republican would merely have strengthened their eventual determination to do just that.

The virtue of the mugwump is that he shifts his party affiliations on strong conviction, which is likely to mean on principle. Thereby he makes it politically expedient for his party to have principles. The independent voter is naturally anathema to the professional politicians, but without his or her constant threat there would be even less principle in our politics. Though the name may be distasteful, mugwumpery itself is vital to healthy political life.





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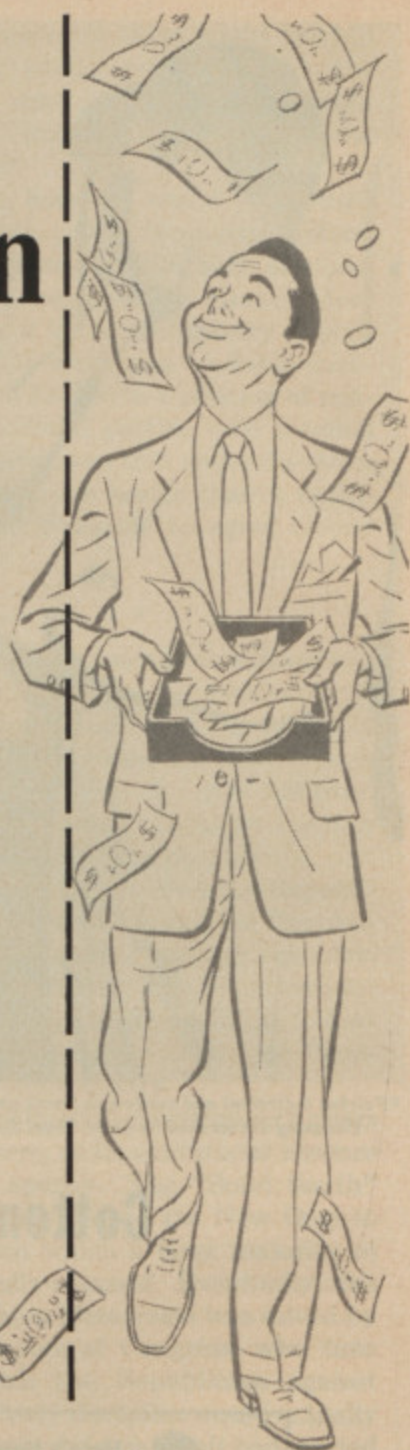
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## WASHINGTON MOOD

BY EDWARD T. FOLLIARD

**T**HE NEW harmony among the Democrats is the talk of Washington. Long noted for their family quarrels, the disciples of Jefferson and Jackson have achieved a unity that is as surprising to them as it is to their foes. They are very happy about it, so happy indeed that they are putting on a rally here this month, the purpose of which is to take a crack at the Republicans, raise money, and show the country how Harry, Adlai and all the others love each other.

What it means in terms of November's election is anybody's guess. Conceivably it could mean nothing. The record books are full of instances where a united party has been whipped by a divided party. Still the camaraderie among the Democrats is an interesting phenomenon, if only because of the contrast with the tumult of the New Deal and Fair Deal years.

Back in the time of Caesar, a Roman sage named Publius Syrus laid down this maxim: "Prosperity makes friends, adversity tries them."

It never worked out quite that way with the Democrats. Early in the days of their political prosperity—the middle 1930's—their party became badly torn by factionalism, with liberals and conservatives locked in a noisy and continuing feud. There was the party purge in Roosevelt's time, and the rending civil rights battle in the Truman years. The wonder was that the party managed to stay in power as long as it did.

Will Rogers, watching the goings-on in the New Deal era, was prompted to say: "I'm not a member of any organized political party—I'm a Democrat."

Adversity has tried the Democrats and brought them together. It has produced a cohesiveness that would have seemed impossible a couple of years ago.

Perhaps the best way to illustrate the new spirit of concord is to cite the case of Sen. Walter George of Georgia and Sen. Hubert H. Humphrey of Minnesota. These two used to typify the conservative-liberal schism in the Democratic Party; now they are—well, just Democrats, working shoulder to shoulder in a way that causes the boys up in the press gallery to marvel.

Senators George and Humphrey haven't changed

a great deal. It is simply that the situation has changed, thanks to the defeat of 1952 and the things the Republicans have said about the Democrats since then.

Consider the strikingly different backgrounds of the two lawmakers:

Senator George came to Washington in 1922 as a vehement opponent of anti-lynching legislation, or any other kind that threatened to interfere with states' rights. He always fought the rise of federal power—"this stupid policy of projecting government more and more into the private lives of the people." He fought President Roosevelt's court-packing plan, with the result that FDR included him in his 1938 purge effort—an effort that backfired. He opposed the nomination of Harry L. Hopkins to be Secretary of Commerce, the wage-hour law, and a Roosevelt third term. He was about as conservative as they come.

Senator Humphrey, elected in 1948, was sponsor of an anti-lynching law. It was he who infuriated the Southerners, and whipped up the Dixiecrat movement, by embedding a bold civil rights plank in the '48 platform. He was once national director of the Americans for Democratic Action.

So much for background. Senator Humphrey is up for reelection this year, and his seat is one that the Republicans would dearly love to capture. He needs help, and among those who have pitched in to give it to him is the influential Senator George.

"Senator Humphrey," Senator George said recently, "is a worthy senator and he will have the cordial good wishes and help of all his colleagues on our side of the aisle. Without abandoning principle he has learned that there are two sides to every question. He is a credit to the Senate and the country. We are sure he will be kept in the Senate."

There are several reasons for the current good fellowship among the Democrats. To start with certain issues that divided them are out of the way, notably tidelands oil and civil rights. Now it is the Eisenhower administration that is battling against racial discrimination. For the moment the fight is centered in the Supreme Court, which has been called on by Attorney General Herbert



Brownell to outlaw segregation of the races in the schools.

Another reason for Democratic harmony is, of course, hunger for victory—a desire to take over control of Congress again and ultimately the White House.

Still another, and possibly the most important reason, is the behavior of the Republicans. When the 1952 campaign ended, the Democrats took their beating gracefully, from Adlai Stevenson on down. Some things had been said and done in the campaign they didn't like, but most agreed that all in all it had been a pretty clean battle. Another thing that took much of the sting out of the defeat was the character of the winner, General Eisenhower. Hardly any of the Democratic professionals had a harsh word to say about Ike.

It was a speech by Attorney General Brownell, delivered a year after the election, that aroused the Democrats and started a closing of ranks that has been going on ever since. This was Mr. Brownell's attack on former President Truman in connection with the Harry Dexter White case—his charge that Mr. Truman promoted this "Russian spy" in the face of an FBI report exposing him.

Had Mr. Brownell charged that Mr. Truman fumbled the case, the Democrats wouldn't have been too upset; indeed, a lot of them would have agreed with him. What riled them was Mr. Brownell's reflection on Mr. Truman's patriotism, his implication (as they saw it) that the former Chief Executive had knowingly aided a man bent on hurting the country that he himself had sworn to protect and defend.

On top of the Brownell speech came the sensational attack by Gov. Thomas E. Dewey of New York, and then the "Twenty Years of Treason" speeches by Sen. Joseph R. McCarthy of Wisconsin.

Listening to all this, the Democrats began to suspect (and to say) that the Republicans were out to "exterminate" them and to smash the two-party system in the United States. Politicians can stand a lot. However, they don't take kindly to reflections on their patriotism.

The close harmony among the Democrats now probably would not be so noticeable if it were not for the fussing that is going on among the Republicans. Of course there has long been a split in the G.O.P. However, it did not become so apparent until after the victory of '52. Now it is seen that there are sharp differences within the party on foreign policy (as shown by the fight over the Bricker Amendment), on taxes, the tariff, farm policy, and on the question of Senator McCarthy and his methods of hunting Reds.

The Democrats are hoping to benefit next November from their own cohesiveness and the Republicans' lack of it.

Their strategy, not new, is to identify their party with the "little fellow," something the Republicans see as demagoguery or class warfare. They hope to woo the little fellow (who seems to have gone over to Ike in large numbers in '52) by demanding government action to deal with the economic situation, by opposing the administration's farm plan, and by demanding more consideration for the rank and file of taxpayers—by turning "a tax bill for Cadillacs into a tax bill for the Fords and Chevrolets, too."

This may or may not mean Democratic victory in November.

True, party dissension has sometimes brought defeat, as was the case in 1912, when Teddy Roosevelt split the G.O.P. and guaranteed victory for Woodrow Wilson. But it is also true that the Democrats, from 1932 to 1952, won election after election in spite of bitter quarrels.

The word "unity" became a word of derision as a result of the 1948 election. Governor Dewey used it throughout the campaign, believing that it would appeal to people who were tired of the hair-pulling among the Democrats in Washington. How Mr. Truman defeated Mr. Dewey—despite the loss of four southern states to the Dixiecrats and the votes for Henry Wallace—is, of course, a familiar story.

There have been instances where politicians have thrown away all chance of victory by cutting each other up at their national conventions. But there have been other cases where furious battling over the presidential nomination in June or July has been no bar to a triumph in November.

Looking ahead to November, the Democrats would be much more optimistic if it were not for the great and continuing popularity of President Eisenhower. They don't kid themselves about this a bit. They are stepping up their warfare against his administration, but most of them still stop short of going after Ike himself.

Said Senator Albert Gore of Tennessee in a speech in New York recently:

"If anyone expects me to castigate President Eisenhower, he will be in for a surprise. Perhaps it is but natural that a great many people have difficulty in distinguishing between President Eisenhower, the man, and the Eisenhower administration. To be sure, even a Democratic senator has difficulty erasing the image of the man, even while concentrating on an assessment of his administration, for it was the man, not the party or the program, that won the election in November, 1952. Even to a Democrat, Dwight D. Eisenhower, the man, looks good."

There remains the question: Can Ike transfer his popularity to the Republicans who will be running for the Senate and House this year? The only answer that can be given now is that he is going to try—and on an ambitious scale, with a good many speeches in all parts of the country.





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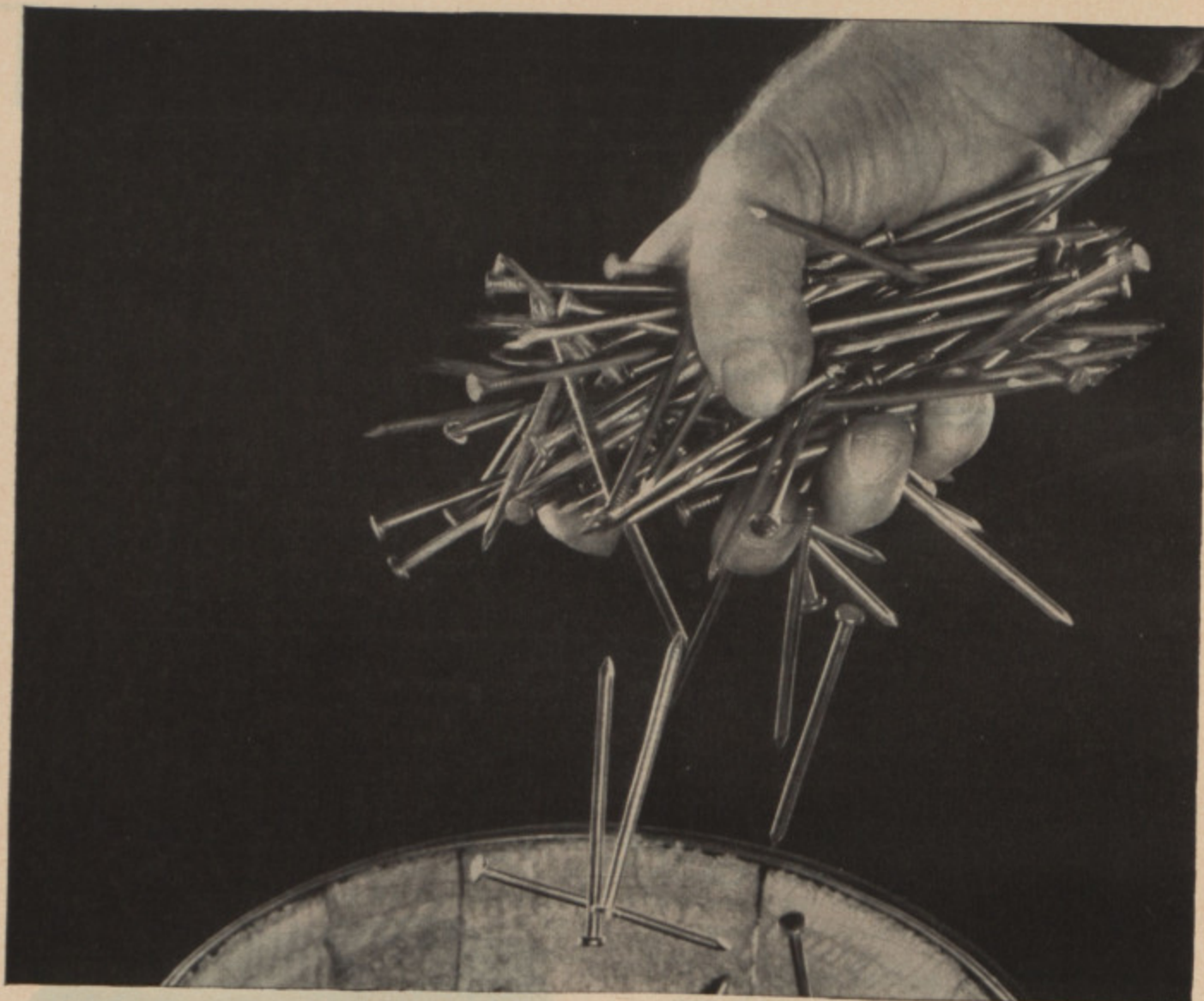
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## Millions for tenpennies!

Here's how commercial banking contributes to the world's biggest output of hardware.

In 1953, for American craftsmen—amateur as well as professional—the hardware industry produced some 1,680,000,000 pounds of nails.

But that's only one small item in the annual production of our great hardware industry!

Last year's total outlay for hardware came to a cool \$2,698,000,000! With this figure in mind it's as obvious as a hammer-hit thumb that somebody had to put an awful lot of cash on the keg head to keep production ahead of demand.

That somebody is very often a banker, and here's the story.

### Bankers step in when needed

Big hardware manufacturers often get along very well by ploughing part of

last year's profits back into this year's production. But big or small, most manufacturers find it's often convenient or more practical to supplement working capital for the financing of seasonal needs. At such times they turn to banks.

### Banks in action

Commercial banks with their short-term loans help hardware manufacturers stock up on raw materials. Bank loans provide cash for the heavy costs of expanded production and marketing. In your own community they frequently help *your* dealer increase his inventories to meet peak season demands. And they may even help *you* finance the bench saw, drill press or power lathe you want for your own home workshop.

### How come?

What banks do for the hardware in-

dustry is somewhat similar to what bees do for sweet clover. They bring on the necessary ingredients for growth because it's their job in the scheme of things. Banks exist to put money to work. It's as simple as that. This money . . . by and large the money you invest and deposit . . . also puts men and women to work. The fruits of its labor are a higher standard of living and a wider opportunity to share in the greatest abundance of goods and services the world has ever known.

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OF THE CITY OF NEW YORK  
(Member Federal Deposit Insurance Corporation)



# The Santa Fe Case: UNION SHOP VS. HUMAN RIGHTS

By LEO WOLMAN

A RAILROAD-LABOR case whose issues go to the heart of the oldest problems of our form of government—how to secure personal liberty against the aggression of organized power, and how to set the public interest above those of private aggregations of power—is heading toward the United States Supreme Court.

On Feb. 6, 1954, Judge E. C. Nelson of the 108th District Court of Texas, sitting in Amarillo, issued a permanent injunction prohibiting the Atchison, Topeka and Santa Fe Railroad Company and a group of nonoperating unions from entering into a union shop agreement and forbidding "the unions, their members, officers, agents . . . from bringing any coercive measures on the Santa Fe for the purpose of effecting a union shop agreement."

This decision, which follows a temporary injunction issued by the same court last fall, grows out of suits which 13 employees of the company and the Santa Fe brought against the nonoperating unions. The issues in the suits are simple though their ultimate disposition is likely to be far from simple since it will in all probability require the Supreme Court to pass on several of the most fundamental questions of American law. Among other matters, these questions involve:

1. The power of Congress to enact legislation making membership in labor unions a condition of employment.
2. The scope of union power.
3. Redefinition of the authority Congress derives from its power to regulate interstate commerce.

The litigation of the Santa Fe case was a long time brewing because compulsory membership in unions, in any of its several forms, has traditionally been opposed in this country by many employees, the bulk of business, and large segments of the general population.

It was the issue of the closed shop which broke up the postwar labor relations conferences which President Wilson convened after World War I. This issue has remained the leading bone of contention ever since.

In recent years state legislatures have increasingly turned their attention to the problem and 16 of them have adopted "right-to-work" laws to protect the freedom of individual employees to join or refuse to join unions as they pleased. In the elections of 1952 the state of Arizona, by an overwhelming popular mandate, wrote the right-to-work principle into the state constitution.

There would have been no Santa Fe case if Congress had not in 1951 amended the Railway Labor Act of 1926 and 1934. Curiously enough this statute, as first written with the approval of the railroad unions, outlawed compulsory membership—a fact which earned these unions much praise for their self-restraint and their constructive policy in this regard. Before long, however, the unions changed their minds. In the early 1940's they petitioned an emergency board (the Sharfman Board) to grant them the union shop.

Turned down by the board, they persuaded Congress in 1951 to adopt the amendment legalizing the union shop on the railroads. Once it became legal, the union shop immediately became the leading and most insistent demand of the nonoperating unions and the majority of the railroad companies quickly signed union shop contracts.

The Santa Fe held out. Convinced by long experience in these matters that refusal to yield would inevitably lead to a strike, that company sought relief and protection in the courts.

Few people know why these unions, having once subjected themselves to a self-denying ordinance and





C. D. Pratt



Barbara L. Eubanks



R. L. Lovelady



M. E. Sandsberry, Jr.



Mary R. White

## ◀ These 13

*Employees of the Santa Fe joined with the railroad in bringing the original suit to stop unions from using coercion in effort to effect a union shop*



O. E. Elliott



K. A. Yarbrough



Elaine S. Williams



S. E. Dubose



M. F. Fisher



Louise J. Seelig



A. V. King



D. B. Barker

waived compulsory membership, made it the first item in their arsenal of demands only a few years later. The answer is obvious and typical. The railroad unions, like all other unions, want monopoly control of the employees under their jurisdiction. They resent competition from rival unions and from nonunion workmen.

As soon as they feel strong enough to make the fight, they go after the union shop. More often than not they get it.

On the railroads the particular objects of the railroad unions' strategy were the system federations or company unions which became established during and after the shop craft strikes of 1922. The unions of this type which survived were entirely legal—as legal as the Machinists, the Boilermakers, the Railway Clerks, or the Maintenance of Way Employees. But these independent unions were thorns in the flesh of the so-called "bona fide" unions, which began as early as 1926 to rid the industry of their rivals.

The availability of compulsory membership to the system federations would, of course, have made their extermination most difficult, if not impossible. Hence, the nonoperating "bona fide" unions marked time while they waged a skillful and effective campaign to eliminate the company unions.

With government assistance they reached this objective before World War II. As soon as this was accomplished, the victorious unions forgot all about their opposition, or indifference, to the union shop and set out to impose compulsory membership on the railroads and their employees.

The policies behind this development in railroad labor relations are as little comprehended as the numerous rules and regulations, originating in government agencies and unions, which today govern labor relations in much of American industry, including the railroads. It is the view of labor unions that it is somehow an obligation of the government to make unions secure, even to the point of requiring unwilling workmen to join and remain in unions against their will and judgment.

During World War II this view was in fact accepted by the War Labor Board. It devised several variants





*District Court Judge E. C. Nelson (left) issues injunction in far-reaching case. On witness stand is J. W. Chandler, general chairman, Railroad Yardmasters of America, a defendant*

of the closed and union shops and imposed them on industry.

The excuse for this departure in public policy was that union security was an appropriate concession to unions in exchange for their surrendering the right to strike during the war. To be sure, they struck anyhow, as the Smith-Connally Act attests. But such a position taken by an influential public board was bound to have a profound effect on prevailing practices and on the expectations of organized labor.

This is precisely what happened. Although unions had multiplied their membership more than fourfold and had been converted from a relatively weak labor movement to one of the strongest in the world in little more than a decade, organized labor and its supporters pushed vigorously for still more members and still greater security. While they were winning converts in both the legislative and executive branches of the government, spokesmen for organized labor began to expand their ideas of the true functions and place of labor unions in our American industrial society. Persuaded by their own intellectual ingenuity, they conceived unions to be a species of government. As such, it was to be expected that unions would rightfully and by law be made the sole and universal representative of all labor.

Granting the desirability of compulsory membership, it was hardly possible to deny unions the right to tax, like any other government. Thus, the notion of the "free rider," the employe who takes the benefits the union wins for him and fails to pay his share of the cost of running the union, was revived and effectively used before Congress, government boards, and even some employers. This led to the sanction, not only of compulsory membership, but also of the check-off, or the collection of dues at the source.

These arguments, however, overlooked the essential nature of the union problem. They failed to take into account, first, the sources and character of the power unions already possessed; second, the traditional rights of the individual under the American system and the way those rights were handled in the laws written since 1926 and 1935; third, the evils, including monopoly, associated with the growth of private power.

The major source of union growth in the railroad and other industries is the so-called majority rule of our labor statutes. This rule requires that a union chosen by the majority of those voting in a representation election shall become the exclusive bargaining agent of all employes, whether or not they voted for the union. In practice, on the railroads and in other industries as well, this means that an individual employe loses all direct contact with the employer. Whether he belongs to a union or not, he is required by law to act through the union in presenting a complaint or in asking for a concession.

The companies on their part would be violating the law if they voluntarily made concessions directly to one or a number of their employes. The law, then, makes the union the source of all benefits, since, once an industry is organized, there is no way of raising wages or reducing hours or granting any other benefit, except through the union.

It ought to be clear that any union chosen by this method to represent all employes is quick to claim credit for everything beneficial that happens. The employer's policies, the state of business, inflation, the industrial activity and price rises associated with a war economy are all, in the union lexicon, secondary influences subordinate to union pressure as the means of lifting wages and working conditions. The result is, of course, that a union bargaining agent, even though it may at the outset have been chosen by a minority of employes, shortly finds itself in the position to cause nearly all employes to become its members.

Thus the majority rule has proved to be the most prolific source of membership and strength. The record demonstrates this in railroading as in most industries, because the nonoperating railway unions consistently added new members and, before the amendment of 1951, had succeeded in unionizing more than 80 per cent of the employes under their jurisdiction—a high and effective degree of organization in this or any other country.

No one comprehends the inestimable value of the majority rule better than the unions themselves. But having profited from it, they undertook to adapt it to their further purposes. *(Continued on page 90)*



# PAPER *third fastest*

FROM time to time, each major industry stops to look at itself in the economic mirror, and, being able usually to regard its reflections with pride and confidence, is then sorely tempted to remind the nation that it is the one indispensable industry to which the others play subsidiary roles. The paradox, of course, is that almost all these self-appraisals are essentially correct; like the chicken-or-the-egg, it depends simply on the point of view.

It is that way with paper. In actual size, according to the Census Bureau, the paper industry ranks fifth in the United States behind automobiles, meat packing, steel, and oil. Nevertheless, it can make a formidable claim to transcendence.

During World War II, for example, the armed forces were able to find more than 700,000 uses for paper. It is estimated that it takes more than 10,000,000 tons of paper in the U. S. each year just for the exchange and safekeeping of ideas and information, and when all the accounts are balanced, the sum of paper's importance is overwhelming. No other commodity comes to mind whose disappearance from the economy would immediately result in such a profound and widespread paralysis. The fact is that without paper, which we take so much for granted, all business, education and government would have to be instantly suspended.

The responsibility for supplying paper is proportionately grave and is borne by nearly 500 companies maintaining approximately 700 plants in 38 states. Not counting the great army of woods workers or those individuals on salaries, the industry is currently providing employment for more than 225,000 workers whose annual payroll was last estimated at \$900,000,000.

In the last year for which complete figures are available, 1952, the industry had total assets at \$7,070,000,000, rang up net sales of \$7,000,000,000, and paid federal taxes

amounting to \$665,000,000. The stockholders equity at the end of 1952, as computed by the Federal Trade Commission, was \$4,893,000,000, and for the five-year period, 1947-52, only the automobile (plus parts) industry and the electrical machinery industry could boast higher averages.

Final 1953 sales figures for the industry are not yet available but, on the basis of Department of Commerce reports, 1953 sales are estimated at \$8,700,000,000 for paper and allied products. The estimated total production of paper in 1953 was 26,566,356 tons, the largest in history, exceeding the 1952 output by about nine per cent.

Because the amount of paper consumed is an unusually accurate barometer of the degree of industrial and intellectual progress in any country, it is heartening that the annual consumption in America is now running at more than 60 per cent of the world's total or about 391 pounds per person, compared to Canada's 250-odd pounds per capita, Great Britain's 130, France's 60, Italy's 25, Japan's 20, Russia's ten, and India's one.

Ironically enough, in China, where paper was invented approximately 1,850 years ago, per capita consumption is still about one pound a year. In terms of our own consumption, it required 155 pounds per person in 1953 for paperboard, 75 pounds for newsprint, 45 pounds for books and other printing papers, 42 pounds for coarse papers, 18 pounds for tissue, 18 pounds for building boards, 17 pounds for building papers, 15 pounds for fine papers, and 6 pounds for miscellaneous use, all of which added up to a whopping national appetite of 31,200,000 tons.

Over the course of the past 20 years, the industry has met an almost unending series of crises, but at the same time it has been able to demonstrate an extraordinary stamina. Growth patterns in the paper industry, as a matter of fact, have been exceptionally steady over the long haul.

In 1910, the production of paper in America was growing at an annual rate of 5.57 per cent, and in 1950, it was still rolling along at 3.47 per cent. Few American industries can point to higher annual growth rates.

The emergencies which have periodically bedeviled the paper industry have stemmed both from its own mistakes and from the whims of fate. In the late '20's, for example, paper was expanding as fast as it could and was burning up most of its profits. Thus, when the depression winds struck, it was caught with all its sails unfurled and suffered accordingly. Nevertheless, its rate of earnings never fell below the national average. This was all the more remarkable because of the deadly competition in paper's depression market, and it was almost miraculous in the face of the attrition which followed the slashing of wood pulp prices by European firms, who at that time were supplying more than 60 per cent of the market wood pulp used in America, over 20 per cent of the total pulp supply. As a result of the pulp war which ensued after the drastic price cut, competition in the paper industry was heightened almost beyond redemption. World War II had an equally perverse effect on the industry when Scandinavia was blockaded and the pulp supply was seriously curtailed.

Fortunately, the paper industry has always rallied strongly from such setbacks. Paper's traditional reliance on Scandinavia and other foreign sources for pulp started to undergo a revolutionary change as early as 1937, when the center of supply began shifting to North America. This continent produced only 43 per cent of the world's pulp 17 years ago; it now produces some 66 per cent. At the same time, Scandinavia has dropped from 34 per cent to 19 per cent, and all other sources combined from 23 per cent to 15 per cent. The American paper industry, of course, has been the chief beneficiary of this new balance.



# growing industry

Nation's Business



The ever-increasing consumption of paper in this country is due in part to a vigorous marketing program, an improving competitive position, especially in relation to wood products, and continued research aimed at raising the level of efficiency in the industry while developing new uses for paper. But underneath it all rests the unshakable foundation: paper's basic utility.

To begin with, all human knowledge is recorded on paper, and as knowledge spreads, it creates a thirst for more knowledge, which in turn creates a new demand for more paper. But paper is also shopping bags and money and postage stamps and handkerchiefs and an estimated 14,000 other products. It is one or all colors, thick or thin, hard or soft, heavy or light, tough or fragile.

The system of manufacturing it stays much the same, and except for the small percentage of paper made from rags or other materials, the basic process consists of wood pulp suspended first in water, then ladled onto an endless belt, then pressed by rollers, and finally dried. At the same time, the modern paper-making machines have undergone innumerable improvements. They are now monster wizards which sometime reach a length of several hundred feet, work with breathtaking speed, yet are refined enough to turn out a product that is only 1/5,000 of an inch thick, as in the case of the capacitors used in voltage stabilizers for TV sets.

Because it functions as a barometer, paper is constantly changing its attitude in terms of concentration points. All production is going up, but where printing, packaging and writing paper took 86.9 per cent of all the paper manufactured in 1937, they now consume only 77.9 per cent. On the other hand, more and more paper is being made for use in building and sanitation. Paper's peculiar adaptability in the latter area is apparent to almost everyone, but it possesses the added quality of

being totally free from coliform bacteria when it comes off the machine, and it is therefore ideal for such products as food containers, napkins and facial tissues. Moreover, its cost is low and its disposal correspondingly painless.

For all the increases in production, it is a mildly paradoxical feature of the industry that we still must import paper, largely in the form of newsprint. Production in all other grades about equals consumption.

Fortunately, capacity is increasing. At the end of last year, it was estimated that the total productive capacity of the industry was 28,548,000 tons and by the end of this year would be 29,308,000. The latter figure represents a terrific jump of 43.5 per cent from capacity at the end of 1946 and results mostly from the installation of new equipment or the improvement of existing equipment.

Over recent years, the stuff from which paper has been made has varied according to the availability of certain types of fiber, the relative costs, and the character of the products on the upswing at any given moment. Since the end of World War II, the use of rags, straw and similar fibers has gone down steadily with a corresponding rise in the relative importance of waste paper (mostly regenerated wood fiber) for paperboard and wood pulp for paper itself. The latter two fibers now account for almost 90 per cent of the industry's requirements and, because research has turned up no substitutes of merit, they will continue to be predominant in the foreseeable future.

Most economists agree that the demand for pulp will continue to force production up. In 1953 production came to 17,525,000 tons. By early 1955 capacity is expected to exceed 1952 capacity by 13.5 per cent. At the same time, the 1946 capacity level will be exceeded by 77½ per cent, according to the forecast, and the 1937 capacity by 166 per cent. Canadian capacity is expected to exceed the peak postwar production by 12.5 per cent and the peak prewar output by 91 per cent.

The intriguing question is that of supply, and because wood pulp comes from the nation's forests, it is frequently convenient to accuse the paper industry of depleting the nation's timber. Actually, of all the timber removed from our forests, less than 24 per cent has been cut for wood products of all kinds, the rest going the way of fire, insects, disease, fuel and land clearing.

The U. S. Forest Service estimates that twice as much wood has been removed from America's forests as was growing here when the first English settlers arrived 350 years ago. While the Forest Service in no sense recommends complacency, it also points out that the wood supply, if not mounting into a surplus, is nevertheless not being depleted. Twenty-five or 30 years ago more than four times as much wood was being removed as was being grown, but new growth now falls only a shade short of equaling the amount removed and destroyed.

Progressive steps have been taken in forest conservation by industry as well as government. The pulp and paper companies employ 1,233 professional foresters for their owned and leased land and to cooperate with other owners in establishing good forestry practices. The industry operates 26 nurseries producing 89,000,000 trees, distributes to small owners of forest land 31,000,000 trees annually, and spends \$5,000,000 a year for forest fire protection.

To date 488,000 acres have been planted to forest trees and 109,000 acres seeded.

Meanwhile, the paper industry, bolstered by an average profit over the past five years of nearly eight per cent per dollar of sales, compared to an average return of about six per cent for all manufacturing industries, is contemplating the future optimistically. For one thing, it is confident that its present expansion is on an infinitely sounder base than some previous expansions.

**END**

—COLLIE SMALL





# Chamber colleges build better towns

*These are the schools where  
organization executives  
learn new methods for  
meeting the complex  
problems of modern society*

**By J. C. FURNAS**

AT 8:30 on the morning of June 20 a class bell at the University of North Carolina will signal the beginning of a new series of classes conceived with the goal of making every town in the country a better place to live.

That bell will open the first of the 1954 Institutes—a collective name given to the six summer schools where chamber of commerce and trade association workers sharpen the tools of their trade. After North Carolina will come other Institutes at Northwestern University, Stanford, Montana State University, Dallas and Yale.

In all, some 2,000 organization executives will learn the most effective methods for meeting the complex and changing problems which each day brings to the local chamber. No man can know all things about traffic problems, public relations, zoning, schools, trade promotion, factory planning, but a man can gain broad knowledge which, coupled with the thinking of community leaders, results in well laid plans and the ability to carry them out.

Those who attend the Institutes will range from alert young fellows who regard the courses as places where chamber people learn to be executives and who hope and plan to become the leaders of tomorrow, to gray-haired men who report "attendance is a must in my book—for keeping up-to-date."

Both comments were given on a questionnaire distributed at an institute last year. Other answers showed that students' ages ranged from 24 to 71 with 12 students older than 60; the largest age group from 30 to 40.

Backgrounds varied as much as ages—proving what people in the field have long known: Chamber execu-



*Question periods feature classes at all Institutes. Here Jim Winn, Woonsocket, R. I., asks what to do about a noncooperative merchant. The prof and a half dozen students had suggestions*







*Classroom discussions continue on the campus. Jim Winn uses a pocket magic trick to make a point*

tives aren't born, they grow. Starting in selling, newspaper work, teaching, government, the law, these people are attracted to chamber work because they excel in one of its many facets, only to find equal satisfaction, opportunities, and challenges in other phases of the work.

At one Institute last year 16 of the students were co-eds. Four of them were using their own vacation time to attend. Another, Mrs. Irene Rankin of Jeannette, Pa., was one of six who attended on chamber scholarships won in statewide competition. Of her work Mrs. Rankin says, "I love it, I eat it and I sleep it," an approach which has increased Jeannette chamber membership 250 per cent since she took over.

The questionnaire showed that the women were not the only ones who attended on their own vacation time. One in five of the men did, too, among them Charles Light, of the Ithaca, N. Y., Chamber who last year put in a heavy week at Northeastern and then jumped across the Sound to Mitchell Field for his annual two weeks as an Air Force reserve officer before returning vacationless to his desk.

One in six of the students pays his own way. Among these last year was Ed Kollar, volunteer secretary for the Pennsville, N. J., Chamber. In private life he is a lab technician for du Pont.

For the most part, however, the students' organizations pay the tuition, board, lodging — about \$70 usually covers it — and travel cost.

Although little known outside the profession, the Institutes have made a profound impression on the American scene since the first one was held in 1921. The need for "a course of instruction in the principles and practices of chamber of commerce management" had been felt far earlier than that. In the East the American City Bureau had made an effort to meet it with a series of Summer Schools for Community Lead-

ership. The first one, held at East Dorset, Vt., in 1915, drew a dozen students. Six years later the program had expanded to four schools with 500 attending.

In the West, a similar summer school was opened at Stanford in 1917—earlier by some accounts. Eventually merged with the American City Bureau program, this became the first Western School for Commercial Secretaries. The City Bureau dropped its pioneering effort when the modern program operated by the American Chamber of Commerce Executives and the American Trade Association Executives with the U. S. Chamber of Commerce and Northwestern University as co-sponsors got under way.

The six schools now operating are as proud of their traditions and accomplishments as any schools anywhere and the rivalry among them reminds a dispassionate onlooker of the football rivalry in an undergraduate conference.

Technically, the school at Northwestern, known as the National Institute, is the oldest under the modern program.

Western Institute is probably next. It operated under various names until 1940 when it became the Western Institute for Chamber of Commerce Executives, now sponsored jointly by Stanford University, the U. S. Chamber of Commerce and the state associations of chamber managers in California, Oregon, Washington, Idaho, Utah, Nevada and Arizona.

Southwestern Institute was organized in 1933 after Henry Stanley of the Dallas Chamber attended National Institute and returned home to preach the need for a similar school in his area. Originally sponsored by the Dallas Chamber, which withdrew in 1943, it is now run by the Southwestern Division of the National Chamber with the state associations of chamber managers of Arkansas, Louisiana, Oklahoma, Texas, New Mexico, Colorado, Kansas and Missouri.



Rocky Mountain Institute, started in 1939, is now sponsored by the School of Business Administration of Montana State University and the Montana Association of Commercial Organization Managers with the U. S. Chamber cooperating.

Southeastern Institute was organized in 1943, jointly sponsored by the U. S. Chamber of Commerce, Southern Association of Chamber of Commerce Executives, the University of North Carolina and the state associations of chamber executives in Florida, Georgia, South Carolina, North Carolina, Maryland, Virginia, West Virginia, Tennessee, Alabama and Mississippi.

Northeastern Institute was organized in 1944 jointly by Yale University, U. S. Chamber of Commerce, New England Association of Commercial Executives, New York, Pennsylvania and New Jersey state associations of chamber executives and the New York, Boston and Washington associations of trade association executives.

New and old all follow the same course of instruction—a course which has changed and developed over the years but has never gotten away from the idea of the first board of managers of the National Institute to have an actual school where students would be required to pass examinations and where certificates or diplomas would reward those who did the work successfully.

In the early years interpretations of this theme differed in the different schools but in 1942 basic classes were standardized. A textbook, "Chamber of Commerce Administration," is official in all organizations and a system of exchanging credits permits a student to continue his studies even if he moves from one area to another.

Some variations in curriculum still exist. For instance, some Institutes offer (Continued on page 76)



*Corridors hear shop talk as Harry Gustafson and Mr. Winn exchange ideas. Below: Learning doesn't end with classes. At all Institutes, wives must entertain themselves while husbands study the textbook especially prepared for the courses*





# Salt use doubles

THIS year the United States will use 20,000,000 tons of salt. That is more than double the 8,600,000 tons that we produced in 1939.

Yet we are eating only a few grains more. Of the 54,000,000 tons produced each year in the world, only five per cent goes for human consumption. The average person eats four pounds of salt a year. We would need only 320,000 tons for the table if all 160,000,000 Americans ate their full quota. One producer could draw that quickly from the endless stores. The answer is that salt is one of our most important raw materials. Altogether it has more than 1,400 industrial uses.

The little known American salt industry includes some 25 companies. Only 18 belong to the Salt Producers Association. Their annual production is directly valued at \$71,000,000, but indirectly it brings employment, health and comfort to millions. It is the life blood of the great chemical industry.

NaCl or sodium chloride, the chemical name for common salt, is used in making most medicines. Saline solutions are standard procedure in medical treatment. Salt with iodine added is prescribed for treatment of goiter as, conversely, salt is denied persons suffering from high blood pressure.

Animals must have salt-treated hay or salt blocks in their pasture. Workers exposed to extreme heat, as in steel mills, require a daily salt ration to replace natural body salts lost at high temperatures. (Supposedly 11 per cent of the population is on a sodium-free or limited-sodium diet, but no one escapes salt entirely.)

It is used for steel production and by refiners of gold and silver. It goes into the tanning of leather, soap making, color television, the making of bleaches and synthetic rubber. It is required for baking, making of ice, plastics and glazing of pottery. Great quantities are used in ice and dust control on highways, and in construction of secondary roads. But 60 per cent of all American-produced

salt goes directly into the manufacture of chemicals.

As traditional uses of salt disappear new uses come into being. Modern refrigeration reduces the need for ice cream salt. As the march of progress brings frozen foods, salt solutions are needed in the selection of vegetables. Peas, for instance, are floated on brine to obtain quality grades.

Railroads, once a purchaser of salt to soften water in locomotives' boilers, turn to diesel-electric. To succeed that market is DDT, which needs tons of salts. Home and commercial water softeners must be regenerated periodically with salt.

Fortunately salt is in nationwide supply, as cheap one place as another. Michigan currently is the leading salt producing state, followed by New York, Ohio, Louisiana, Texas, California, Kansas, West Virginia and Utah.

Every state has natural salt. Mineralogists call it halite. It occurs as rock in vast subterranean deposits, as brine in springs and lakes, and in the sea—with a salt content about 3½ per cent. It is highly soluble in hot or cold water, which helps the harvesters. It is hard.

In a hardness table of ten minerals, diamond to talc, salt ranks next to diamond.

It is used structurally as pillars and walls in the great rock salt mines of the eastern United States. It occurs there in colors from gray through blue, and on to pink and brown, and is mined like coal. The salt mines of America had their historical beginnings near Syracuse, N. Y.

Fifty-six per cent originates in brine. It is pumped from underground deposits through natural or artificial wells, as in Michigan, New York and Ohio. The wells are drilled into deep salt rock hundreds of feet down. Each well casing consists of two pipes, one inside the other. A stream of water, usually hot, is forced under pressure down the larger, outer pipe. It dissolves the salt to a saturated brine, which then

is pumped back through the smaller, inner pipe.

Salt from all sources must be bathed, heated and vacuum treated, with a free-running agent added, before it is used for the table. Mined salt is crushed and screened exactly like coal.

The most abundant source of salt is the sea. If all sea water were evaporated, it is estimated, it would leave enough crystallized salt to cover the entire earth to a depth of 112 feet. In addition, it would give up by-product minerals, the chlorinated hydrocarbons that are the backbone of plastics, and traces of practically every known element.

If you have stood where a sea wave splashed you, and then let the sun dry it to a white crust on your cheeks, you have gained your salt in the oldest way known to man, by solar evaporation.

The same principle is employed commercially. Sea water is trapped in ponds. Sun and wind cause gentle evaporation. What remains is principally salt. About five per cent of American salt is produced by this method.

San Francisco Bay, however, is the only place in all the sea-girt United States where climate and geography make this feasible on a large scale. It demands flat marshes with clay soil, to form hard pond bottoms. The land can have little agricultural or industrial value, yet must be close to market and shipping facilities. Sun and winds must be consistently gentle.

The Leslie Salt Company started producing there, on 40 square miles of tidal marsh, in 1870. Last year it reaped almost 900,000 tons from its carefully controlled ponds.

Leslie, however, is bound by the immutable economic law of salt. It can sell its product only as far east as the point where it meets Salt Lake salt on the grocery shelves.

Whatever the production costs in the two areas there is a place between where freight rates balance them off.

This economy governs salt sales



# to fill 1,400 needs

throughout the country. No company, whether it mines, pumps or evaporates its salt, can transport the cheap commodity beyond its natural limits. It is, therefore, an industry without the usual competitive pressures.

Leslie, International Salt of New York, and Jefferson Island of Louisiana are the only companies that produce both packaged and chemical bulk salt.

Only one company, Morton, markets salt on a nationwide scale. It is the largest single salt marketer in the country, and has 11 producing plants of its own.

However, at San Francisco Bay, it buys its salt from Leslie. Similarly, the California company gives every assistance to two small family companies that harvest salt along the same shores.

This annual harvest is one of the most colorful events on the bay. Twenty-six huge, shallow lakes are diked off around the southern shore. In April, when spring runoffs of fresh water from the rivers have been absorbed, bay water is flooded into the paddies. Evaporation starts immediately.

As minerals and chemicals alien to pure salt settle out, the brine is moved on to purer ponds. By September the harvest is ready.

Then migrant fruit pickers come from fruit crops to operate weird scraping machinery. They work steadily until Christmas, always with an eye to the skies. Small trains carrying their own tracks edge across the salt flats to huge scraper-loaders. Ashore, great white mountains of coarse salt—bulking 200,000 tons in the glaring sun—rise to the height of five-story buildings.

Bulldozers crawl over the piles, spreading the salt as conveyers heap it up. Slowly the ponds, five inches deep with salt, are scraped of their deposits. Red rivers of bittern, the residual salts, flow off in canals, directly to a big Westvaco Chemical plant which reclaims minerals and chemicals.

Ornithologists come to the salt

flats to study the bird life, and aquarium owners gather tiny brine shrimp for their tropical fish.

Sometimes, in surplus years, Leslie is the nation's only exporter of salt.

Japan and Korea, not blessed by climate and clay flats, will gladly pay shipping costs for any part of 350,000 tons that Leslie can spare. The company had none for them in 1953.

In 1952 an unseasonal storm cut the harvest by 150,000 tons. Rains soaked the crystallizing salt and wind roiled it in the ponds. It had to be left for the next year.

That is why, during harvest season, the crews work day and night to rush the crude salt to cover. It is taken to relatively uncomplicated plants for quick processing. Some, in brine form known as slurry, is piped across the bay for loading on special salt-carrying ships.

Salt companies seek to produce what the market will absorb in any year. At Leslie, for instance, they study population trends against the previous year's sales, and add in the advance orders and the big chemical companies who are regular customers.

Last year 437,000 tons of Leslie's production were ordered in advance on long-term contracts.

There is little price difference across the continent. The packaged product on the grocery shelf is about 11 cents a pound east or west.

All increases can be traced to higher costs for labor, package materials and freight. Salt people, as all businessmen, are alert to labor-saving devices.

Leslie currently is planning a simple way to unload ships and save stevedoring.

Ships loaded with dry salt will be pumped full of water to make a brine that can be pumped out handily.

Until 1937, some 200 laborers with shovels were needed to scrape the salt ponds. Now three big machine harvesters do the work in a fraction of the time. Leslie's total crew is

250 persons to produce nearly 1,000,000 tons of salt.

There are, of course, extraneous factors that can upset the best of plans. A low tomato pack will cut salt requirements abruptly. So will a strike in the Alaska salmon fishery, or failure of a northern herring run.

With salt, though, these are bound to be regional disruptions, perhaps affecting only one big company. Elsewhere, a producer may be hitting a new bonanza.

The railroads draw mountains of salt for de-icing tracks and icing cars.

Food still needs huge quantities of salt for preservative. The world's millions of people need their four pounds per year.

Along with water and air, salt is one absolute necessity of man and beast. Primeval man started it all, probably when he observed an animal at a salt lick. Since then salt has been sought as hungrily as gold or diamonds. It has influenced the rise and fall of nations, governed social customs and been tied intimately to mythology, superstition and religion. The Bible mentions salt 30 times.

Harsh salt laws led to the French Revolution. Napoleon's legions found their wounds wouldn't heal, for lack of salt in the soldiers' diet, on the retreat from Moscow.

It was the strategy of our Civil War to destroy the other army's salt supplies.

More than any other commodity, it has been the catalyst of civilization. The Egyptians enjoyed a profitable salt trade 6,000 years ago. Plato termed it "dear to the gods." Phoenicians considered it a symbol of trust and friendship. Arabs burned it for "luck" before starting off with their caravans.

The Erie Canal was built for the salt trade.

Salt has always been a spectacular performer. It was the fifth most important industry in World War II, and there is no indication it will lose its savor now. It is the one commodity man must always have. **END**

—JOHN WESLEY NOBLE



# THIS IS



*A spoonful of sugar in a coffee cup; the hope for a new washing machine; an automobile on a Havana street; that is how overseas trade looks to a traveler who visited homes and shops in two countries. The visitor: **SAM STAVISKY***



**CEDAR RAPIDS** *sweetens its pay checks*

**T**HE WIFE of a Coe College professor in Cedar Rapids, Iowa, tosses a pound of sugar into her shopping basket and thus insures employment for a mechanic at the Iowa Manufacturing Company in another part of town.

The mechanic never saw a sugar cane, his interest in foreign trade is negligible, and certainly he doesn't know a chunky little man named Julio Acosta who lives near Cardenas, Cuba.

Yet, when the checker rings up the sugar sale on the cash register, the mechanic, the professor's wife, Julio, Cardenas and Cedar Rapids have been engaged in a piece of international commerce that affects the welfare and prosperity of every one of them.

That is foreign trade.

Cardenas is a thriving seaport on the northern coast of Cuba, about 75 miles east of Havana, proud of its year-round balmy climate, of its Spanish Colonial-style Palacio Municipal, of its surrounding wealth of sugar cane.

Cedar Rapids is a thriving trading center—deep in the heart of the corn country—proud of its extremes of climate, of its battleshiplike Municipal Center erected on an island, of its rich outlying topsoil.

Cardenas, population 45,000, has a few tanneries, and there's some activity in the raising of henequin, a fiber. Basically, though, Cardenas is a one-crop, one-industry town. The welfare of Cardenas is tied to the cultivation, processing and sale of sugar.

In contrast, Cedar Rapids, population 75,000, is a city of diversified interests. Corn, oats, wheat and barley, cattle and hogs, all play a part in the area's economic health. An equally important role is played by its wide variety of manufacturing plants.

Yet, as sharply as the two cities differ, the relative

prosperity of each is linked to the same chain of exports and imports—between their two countries, and the countries of the world. Both the one-crop city and the city of diversified products must have foreign trade to bolster and maintain their respective high standards of living.

Cardenas—and Cuba—sell cane sugar to Cedar Rapids—and the United States. In return, Cardenas—and Cuba—buy hams, lard, cereals, tractors, rock crushers, radio transmitters, farm spraying equipment, and other products from Cedar Rapids, along with items from just about every other section of the United States.

Volumes of statistics show how much sugar the people of Cedar Rapids and the rest of the United States bought from Cardenas and Cuba; and how many Cedar Rapids and American products the people of Cardenas and Cuba bought in return. Statistics are forbidding, but not Julio Acosta whom I visited on his family-size cane plantation.

Julio was standing on the hood of his American-made truck, waving his arms proudly at the tall, shimmering ranks of cane which rose higher than the truck's cab, when he reduced the statistics to one apt sentence.

"Si, senor," he said. "If I get a good price for this cane, I will be able to buy another truck this year. If not, I will have to wait."

The *colono* (cane farmer) was acutely aware that his ability to get a good price for his sugar hinged on the sale to the United States, by far Cuba's biggest customer. If he got a good price, someone would sell a new American truck. Thus Julio's own prosperity is intertwined with that of the auto industry workers who build trucks in Detroit and other American cities. (In



# FOREIGN TRADE AT WORK



**CARDENAS**, Cuba, buys American products eagerly with dollars exports bring in

1952, Julio's compatriots bought 24,300 American-made autos, trucks, and buses.)

The Acosta farmhouse is too far off the main highway to be served by central electric power, but the Acostas—father and two grown sons—were well enough off, as a result of their cane sales in recent years, to have bought, and installed, an American-made set of batteries, and an American-made generator, which produce enough electricity to provide lighting and to run an American-made radio. The farmhouse also contained an American-made kerosene refrigerator and sewing machine. Virtually every piece of farm equipment and machinery bore the phrase: *Made in U.S.A.*

Juan Perez Escanez is the unpaid secretary of the union at one of the sugar mills in Cardenas. Like other workers in the seasonal sugar industry, he supplements his income by working on the docks when the mill is temporarily shut down.

"The workers in Cardenas, whether they work in the mills, in the distilleries, or on the docks, understand that sugar is their livelihood, and exports their source of prosperity," the impassive but bright-eyed Juan told me.

The flourishing sugar-export years of World War II and later have given Juan an annual income of about \$1,500. This permits him a comparatively high standard of living, he says. He drives a one-year-old American auto. He lives in a new house (costing \$2,500) in the Playa Larga, from which—like other modest homes in this workers' section of Cardenas—sprouts the antenna of an American-made TV set. The Perez family—father, mother, two children—also have a radio, electric iron, and refrigerator, all of American manufacture.

"My wife wants to buy a washing machine, but I told her she will have to wait a while because last year was not so good," Juan explained. "It all depends on sugar."

According to the local Camara de Comercio (Chamber of Commerce), some 1,000 householders there already enjoy the benefits of American-made washing machines.

The Camara de Comercio also estimates that 1,500 automobiles, 6,000 radios, 1,000 TV sets, 3,000 refrigerators, and 500 freezers—virtually all produced and assembled in American plants—are in use, bought with sugar-export dollars.

Any visitor to Cardenas can see, as I did, that the picturesque seaport is an excellent market for American producers. The stores of Cardenas are packed with American goods of all kinds and makes. So are the stores and shops of all of Cuba. In 1952, Juan's fellow Cubans bought 44,000 refrigerators and home freezers, 43,500 TV sets, 79,000 radio sets, 39,000 stoves and ranges, 33,000 electric fans, 6,000 washing machines, 3,700 sewing machines, 7,500 typewriters.

The mayor of Cardenas, Senor Bathuel Posada Delgado, is a round-faced man who has no use for ties. While being interviewed through an interpreter, he maintained an unceasing round of conversations with constituents who filed into his office or stopped him in the wide corridors of the city hall.

"Those citizens who interrupt," explained His Honor, "ask for money to buy medicines, for advances on their wages, for postponement of their taxes. Sugar and henequin export receipts fell off. People have been thrown out of work."

"We all understand the meaning of imports and exports, for sure. Look," he said, pointing to the





**FOREIGN TRADE BUREAU** of Cedar Rapids Chamber is unique in Iowa. Members, from left, Wm. K. Rankin, C. L. Fontana, W. R. White. Robert R. Caldwell, of Chamber, reaches appropriately for the sugar



**SEÑOR BATHUEL POSADA DELGADO**, Cardenas mayor, left, tells Mr. Stavisky how tax receipts dropped with sugar prices. Man in center is the interpreter

dingy cracked ceilings of the high-walled city hall, built in 1862. "We had to put off painting the ceiling of our beautiful building. Export dollars dropped, so tax receipts dwindled."

Wages and income of just about everybody, the farmer, cane cutter, mill worker, refinery worker, are based on a sliding scale with the price of sugar, the mayor pointed out, "even my own salary."

Cedar Rapids, which is 800 miles from New Orleans, its nearest port, lies in the heart of what was once the nation's isolationist belt. Recently, however, Cedar Rapids families have begun to realize that exports have helped to give them their high effective buying power, after taxes, of \$5,334 annually.

More and more farmers in the Cedar Rapids area, and in Iowa, today recognize that their own prosperity is wrapped up to an important degree in the exports of their farm products, according to Rex Conn, farm editor of the Cedar Rapids *Gazette* and former county agent who still spends most of his time in contact with the farmers.

"The volume of farm exports varies from year to year," Mr. Conn explained. "In any case farm exports are important in holding down the temporary oversupply of unsold agricultural yields, and in returning to the farmers decent prices and fair profits."

Corn, cornmeal, popcorn, oat flour, cereals, stock and poultry feeds, meat products, lard are among the agricultural products exported from Cedar Rapids.

The breadwinners of Cedar Rapids, especially those who work in the many plants which over the past 20 years have increasingly developed foreign outlets, are even more conscious of the importance of exports to their standard of living.

"Just ask any of the men on the assembly line," commented John Evans, AFL Central Labor Union secretary. "They won't even have to talk to you about what exports mean to them. All they'll do is point to the machine on the line—a rock crusher, or a power crane, or something like that—and show you the ticket that says the machine is slated for Cuba, Venezuela, Belgian Congo, or Siam."

The businessmen of Cedar Rapids have taken positive steps to encourage overseas trade. In 1947 Cedar Rapids business leaders set up a Foreign Trade Bureau in their local Chamber of Commerce—a bureau unique in the state. Since then the bureau has helped individual firms with their export problems, and has undertaken an educational campaign in the city and surrounding area.

As of today, a partial list of manufactured items exported from Cedar Rapids to Cardenas and other parts of the world includes navigation equipment, limestone spreaders, sensitized photographic paper, power cranes and draglines, television boosters, fertilizers, piston grinders, tractors, meat tenderizers, pharmaceuticals, precast concrete joints, grain milling machinery, asphalt plants, trampolins and other gymnastic equipment, pressure embalmers, passenger elevators, radio transmitters and receivers, machine chassis parts for trailers, seeders, creamery processing machinery, belt conveyers, spark plug insulators and scores of other items.

"In one recent month," noted Bob Caldwell, the quietly energetic executive vice president of the Chamber, "I signed certificates-of-origin for local products being shipped to 58 countries." From memory he recalled vitamins to Iceland, dresser sets to Lebanon, radio sets to India, complete rice mills to Siam, and road builders to Cuba.

Iowa Manufacturing Company, maker of heavy earthmoving equipment, is a home-grown industry which has long sought foreign business for its surplus



production. Recently the firm has set up two export sales subsidiaries in an effort to go beyond surplus production sales.

"For instance, we sold \$500,000 worth of equipment to Cuba last year," explained Frank D'Aquila, export manager. "We feel we can sell more, much more, if we only go after it hard."

A number of Cedar Rapids firms have their own export departments. Some 15 of them sell overseas through Gordon Fennell, who operates an "export division" for these companies. Tall, lanky Mr. Fennell had a different angle on the value of exports to a business and its community.

"Exports," he said, "have no seasons. Summer is the slack season for oatmeal in the United States, but at the same time, it's winter in one half the world." Two big companies, Quaker and National, prepare oatmeal in Cedar Rapids for export the world over.

Cedar Rapids' industrial plants produce \$200,000,000 worth of goods a year. About \$25,000,000 worth is shipped abroad according to the local Foreign Trade Bureau.

"Our studies indicate that one out of every ten persons working in Cedar Rapids gets his livelihood, directly or indirectly, from exports," commented youthful Bob White of Collins Radio, who is chairman of the Foreign Trade Bureau. "That adds up to 4,100 persons. It is obvious that any abrupt halt to exports, wiping out the work and incomes of the 4,100, would have a sharply injurious, if not disastrous, effect on the rest of the community."

The story of Cardenas and Cedar Rapids is, to a greater or lesser degree, the story of virtually every sector of Cuba and the United States.

The Cubans sell us around half of their sugar crop. In addition they sell us some tobacco, fibers, and—through our tourists—scenery and services.

We sell Cuba just about everything that's grown, processed or manufactured in this country.

General Electric, for example, has estimated that its varied exports to Cuba provide jobs for 1,500 American employes. It would be impossible to track down the specific 1,500 employes. Nonetheless, the importance of the GE sales should be clear to the 1,500 employes of the GE plant at Fitchburg, Mass., where they make small turbines and superchargers; and to the 1,400 employes of the GE plant in Detroit, where they make cemented tungsten and chrome carbides, used for cutting tools, dies, and special valves.

The importance of the GE sales in Cuba should also be clear to the firm's 500 employes at Allentown, Pa., where they make toasters, grills, and coffeemakers; 500 at Bucyrus, Ohio, making fluorescent lamps; 600 at Clyde, N. Y., germanium products, many of which are used in TV sets; 1,000 at DeKalb, Ill., washing machine motors; 1,100 at Tiffin, Ohio, hermetic motors for refrigeration units; 500 at Fort Edward, N. Y., specialty and ballast capacitors for fluorescent lights, planes, radar.

What's true of GE holds for Westinghouse and dozens of other American makers of metal and electrical products, sold in large numbers to Cuba.

The interdependence of the prosperity of Cuba's colonos and American farmers can be demonstrated in several ways. For instance, Cuba's sale of sugar to the United States provides Cubans with the money to buy one sixth of the American rice crop—a boon to seven counties in Mississippi, 15 counties in California, 24 counties in Texas, 27 parishes in Louisiana, 31 counties in Arkansas.

One fourth of America's lard exports goes to Cuba—to the benefit of the farmers in the corn-hog producing states of Iowa, Illinois,

(Continued on page 79)



**WORKERS** in Cardenas docks,  
distillers or mills know  
that exports  
are their source  
of prosperity  
**ALTHOUGH** the city is 800 miles  
from the nearest port,  
one job in  
every ten in Cedar Rapids  
depends on foreign trade







# AN AUTHORITATIVE REPORT BY THE STAFF OF THE CHAMBER OF COMMERCE OF THE UNITED STATES

## AGRICULTURE

Where to store the grain farmers will soon be harvesting is a pressing problem, in spite of acreage allotments on wheat, corn and cotton.

The acreage the allotment program takes out of these crops has been diverted into other storable crops. In fact, the total acreage of all crops planted in 1954 is expected to be within one per cent of that planted last year.

Price-support loans are only available to farmers who can obtain approved storage. Commercial storage space is tight now and will be most inadequate if we have a reasonably large harvest.

The administration has forewarned both farmers and commercial grain handlers of the impending storage problem. It also has extended to both groups various types of assistance in the actual building of the necessary facilities.

If the farmers want to be assured of receiving no less than the support price on their various grains, they must be certain that they have adequate, approved storage facilities. The difference between the farmer who maintains his farm income and the man who doesn't may be storage.

## CONSTRUCTION

The possibilities of creating demand in the construction sector of the economy through technological improvement are great.

There is evidence that contractors and builders, in this period of mounting competitive effort, already are emphasizing improved efficiency and cost reduction. In 1953 the estimated physical volume of new construction was four per cent greater than in 1952. Yet construction costs appear to have been relatively stable during 1953 and employment seems to have been slightly below 1952. It may therefore be assumed that the efficiency of construction operations was increased.

Combined with a better product, cost reduction provides a sound basis for expansion. Fortunately, the features that promise most for lower costs also create better products.

The construction industry is becoming steadily more responsive to the appeal of style, comfort and convenience. Modern materials and equipment make it easier to create this appeal. A new age in design and planning is definitely with us. Yet this development is still at its beginning. The next few years are certain to see an acceleration in progress.

## CREDIT & FINANCE

Gold, and the nation's policy with regard to it, is in the news again. Congressional committee hearings have been held, many witnesses heard, the same old ground covered, and probably the same result will be reached.

The Treasury and the Federal Reserve agree there should be a return

# HOW'S

to the gold coinage standard but that this is not the time. In their opinion nothing would now be gained by such a move and it would mean grave danger of dissipating our gold reserve through acquisition by hoarders.

Both groups agree the dollar is not now under attack from forces either domestic or foreign. They also agree that enactment of the proposed legislation, in the absence of similar action by other nations, would open our system to dangerous pressures from all sides.

There is no recognizable administration backing for the proposals and the bills will probably wind up in committee pigeonholes.

## DISTRIBUTION

Most distributors remain optimistic over sales prospects for the rest of the year. Sales generally are coming up to expectations. Consumers appear to have confidence.

The much discussed inventory readjustment may be having some adverse effects on customer relations in retailing. This question should be asked: How many retail or wholesale sales are being lost through an inadequate variety of goods? Customers are hard to win back once they fail to find what they want. Retailers and wholesalers are beginning to extend their variety of inventory items.

In spite of talk about the need for better selling, it is hard to find evidence that many executives have done anything about better trained sales personnel. Long-range training programs are few. The shot-in-the-arm type is more common—but the effects are short lived. Based upon informal observations, where good salesmanship is emphasized and practiced, business is good.

Distributors are giving more attention to personnel practices and policies. The problems of a guaranteed annual wage are also capturing attention, particularly in the metropolitan centers.

## FOREIGN TRADE

While President Eisenhower's foreign economic policy message to Congress undoubtedly will be attacked as being free trade, it is in fact no such thing. A mildly liberal approach to a more realistic



# BUSINESS? a look ahead

foreign trade policy (and closely following the report of the Commission on Foreign Economic Policy, the so-called Randall Commission), the President's program must be evaluated in its entirety—not judged by the requests for action on tariffs.

No single part of the program will solve the problems in foreign trade policy. Only a general acceptance and execution of at least the majority of the recommendations may lead the United States toward a more liberal foreign trade policy.

While much of the message asks for legislation, it also includes a number of statements pertaining to executive action either being studied or being prepared. In several areas no legislation is required to carry out the Randall Commission recommendations.

The President must now decide whether to put through those reforms within his executive jurisdiction or to withhold action pending congressional legislation in related fields.

## GOVERNMENT SPENDING

The economy mills are grinding—though slowly. Up to this writing, the House has passed four appropriation bills, and a fifth has been reported by the House Appropriations Committee. These bills show cuts of about \$600,000,000 from original budget estimates totaling \$9,000,000,000—a reduction of a little more than six per cent.

On an over-all basis, such a percentage cut might be enough to balance the budget. However, touchy items, such as foreign aid and national defense, are yet to come. With the uncertain outlook in international affairs there may be road blocks in the way of sizable economies in these items.

Meanwhile, the expenditures for the current (1954) fiscal year are going along at about the expected rate, and there is reason to expect that the year-end total will be close to the budget forecast of \$70,900,000,000, which is \$7,000,000,000 below the figure proposed for 1954 by the Truman administration.

## LABOR RELATIONS

Out of all the tumult over Taft-Hartley amendments at this session of Congress one fact emerges. The Taft-Hartley Act is a permanent part

of our labor-management picture. From here on, debate in Congress, and out of it, will center not on repeal but on how it should be improved.

Best guess is that 1949 was the high-water mark of the movement to "repeal-or-undermine" the Taft-Hartley Act. Supporters of the law feared that the 1949 effort would succeed unless substantial concessions were made. The amazing fact is that in 1949 opponents of the law rejected those concessions as not enough. Today's Taft-Hartley defenders would never offer them.

Highly significant are recent polls showing that union members themselves take a middle ground on Taft-Hartley issues.

Labor committees of Congress have demonstrated solid support for general Taft-Hartley principles.

But Taft-Hartley will never be a dead issue, according to most observers. Improvements will continue to be offered and charges can always be expected that a particular proposal favors one side or the other.

## NATURAL RESOURCES

The copper market still continues to stump the experts. A price drop has been expected since June, 1953, but copper is still selling at 29.75 to 30.00 cents a pound. For one thing, Great Britain did not dump her copper stockpiles in the open market. But the main reason is that the Chilean government held its copper in hopes of a higher price.

Since last June Chile has been negotiating the sale of 100,000 tons of copper to the U. S. government for the stockpile. Our State Department held out for a package deal that included better taxation and monetary exchange terms for American copper companies in Chile. Legislation to effect this is now pending before the Chilean Congress, and the two governments came to terms on the sale late in March.

World supply and demand has been about in balance without Chile's copper. Chile will probably try to dispose of her copper gradually but sale is still likely to depress the price. Some domestic copper companies have begun to cut production. The strike at the Roan Antelope mines in Rhodesia may have a stabilizing effect. But the chances are that the price of copper

will drop several cents a pound before the end of 1954.

## TAXATION

The Code Revision bill created some strange confusion in Congress and in public print. Both sides in the controversy seemed to overlook the fact that it is designed primarily to simplify taxes and root out inequities. Its purpose is not to reduce taxes but to make them apply to all taxpayers alike. The necessary insertion of price tags for revenue consideration was most unfortunate.

Opponents of the measure took the initiative, proposed tax reduction changes which had no bearing on the chief issue, and in so doing placed supporters of the bill on the defensive. In the House they were almost successful. The real test vote there was not upon passage of the bill itself but upon a proposal to increase exemptions and so reduce taxes.

Secretary Humphrey cleared the air temporarily with his statement to the Senate Finance Committee but the same efforts will be made on the Senate floor to recreate the early confusion of issues.

## TRANSPORTATION

The question of permitting federal, state, and municipal governments to continue to have the right to benefit from special, reduced rates from carriers who handle government freight and passenger traffic will receive special attention soon. Already a bill has been introduced in the House to remove this privilege.

Shippers support repeal since they claim unfair discrimination. They point out that they are subject to severe penalties if they use other than official tariff rates, but the government can seek reduced rates without fear of punishment. Increased use of the privilege, the shippers contend, can lead to higher tariff rates to offset revenues lost in moving government traffic.

Some government agencies are expected to fight to retain the privilege to use reduced rates, pointing out that the government has a sovereign right to special consideration. They also will emphasize the need to keep government expenses down and will claim that reduced rates are justified because of the heavy volume of government traffic.



# THERE GOES THE MAN



EDWARD BURKE



# WHO CUT THE BUDGET

*Joseph Morrell Dodge has returned to banking but he leaves a heritage of economy-mindedness to the government*

By **ALAN L. OTTEN**  
and **CHARLES B. SEIB**

**W**HAT has been done is just the beginning and will continue. We are proceeding on the principle that, when costs are not an issue, expenses will multiply and that when costs are made an issue savings will multiply. Costs have been made an issue for the first time in many years and will remain an issue."

This statement by former Budget Director Joseph Morrell Dodge probably serves as well as any for his valedictory, in the opinion of Roland R. Hughes, his former assistant at the Budget Bureau—now his successor.

Now returned to banking after 17 months on the Eisenhower team, Mr. Dodge can feel reasonably sure that two long-range changes he helped to bring about will materially help the economy efforts of future budget directors.

First, the role of the Bureau and its director has greatly increased in importance in the day-to-day process of making and carrying out national policy.

Second, a general economy-mindedness has been injected into every corner of the executive branch of government.

As a shorter range result, it appears that federal spending actually will run \$7,000,000,000 below the \$78,000,000,000, for the fiscal year ending June 30, that President Truman's budget called for. Spending for the next fiscal year will be down another \$5,000,000,000 or more, according to present estimates. For the first time since 1948, requests for new authority to obligate government money are below actual spending, which means the amount of unspent funds carried over from year to year has started to decline and the job of balancing future budgets will be easier.

This impressive change of direction is a monument to the new and important role of the businessman in government. Specifically, it is in large measure the result of Mr. Dodge's efforts.

Mr. Dodge was the first member of the Eisenhower "new team" to come to Washington. He moved in soon after the 1952 election to sit in on the fiscal windup of the Truman administration. When he stepped down from the Budget Bureau directorship to return to his old job of chairman of the board of the Detroit Bank, he took with him the President's thanks for "invaluable" help in solving "the gigantic fiscal and management problems that have faced this administration."

The results this banker-on-leave obtained in Washington may be attributed to two factors: his business-

man's abhorrence of red ink, and the fact that the President relied heavily on him and rarely overruled him.

Soon after joining the administration, the 63-year-old Detroitier was invited to participate in cabinet meetings, a privilege previous budget directors did not have. At the President's order, he sat in on meetings of the top-level National Security Council, which decides basic national policies, and he attended the Monday morning breakfast meetings of the President with congressional leaders. As a result, every proposed government action was considered right from the start with an eye to the government's ability to pay for it—something new in Washington procedure.

Mr. Dodge's respect for the taxpayers' dollars became famous. One member of the White House staff recalls that sometimes, when the weekly Cabinet meeting broke up, an official with a familiar glint in his eye would buttonhole the President. When this happened, Ike would sing out:

"Hey, Joe, come back. Here's another fellow who wants some money."

Usually Joe Dodge's tough-minded response to that call for help marked the end of another departmental bid for additional funds.

Practically all his life Joe Dodge has been balancing budgets and tidying up messy economic situations. That's why President Eisenhower chose him to become custodian of the government's purse.

Mr. Dodge salvaged the assets of two major Detroit banks shattered in the 1933 crash. At 43 he became president of Detroit's oldest bank and expanded its assets ten times over. In World War II he efficiently directed for the government the complex work of renegotiating war contracts.

Sent to Germany, he charted the financial reforms that helped make the mark one of the strongest currencies in western Europe. Still later, he went to Japan, overhauled the government's budget and currency and cut the highly inflated Japanese economy down to size.

When General Eisenhower was elected president, he immediately began looking for a man who could translate into action his campaign pledges of economy in government and a balanced budget. Among those he asked for advice was Gen. Lucius Clay, former High Commissioner in Germany and a long-time Dodge admirer. General Clay said Mr. Dodge was the perfect man for the job.

Offered the Budget Bureau post, Mr. Dodge was reluctant to accept it, saying he had already spent too many years away from his bank. He was then invited to General Eisenhower's postelection retreat at Augusta, Ga., where the president-elect, General Clay and others subjected him to friendly but firm pressure. The result was that Mr. Dodge not only took the Budget Bureau job but went posthaste to Washington as General Eisenhower's advance man to watch the Truman administration prepare its proposed budget for the 1954 fiscal year.

Shortly before the Truman budget was made public, Mr. Dodge called a special press conference at which he disclaimed any responsibility for that budget and promised to chop it down considerably. But, with characteristic realism, he warned that the new administration would not be

(Continued on page 85)



# It's better business to buy Chevrolet Trucks



## New chassis ruggedness really pays off in lower upkeep . . . longer truck life!

Over the years, Chevrolet trucks have built a great reputation for stamina and long life . . . for their ability to stand up on tough jobs day in and day out with a minimum of maintenance.

How do the new '54 Chevrolet trucks measure up to previous models for ruggedness and reliability? The answer is *they're even better!* These great new Advance-Design trucks have what it takes to take your job in stride!

Take frames, for example. Every '54 Chevrolet truck has a stronger, more rigid frame. In addition, there are newly designed clutches in all models, stronger rear axles and drive lines in two-ton models, higher-capacity universal joints in medium- and heavy-duty models.

All this extra built-in ruggedness means that you'll enjoy extra-low upkeep costs with a new Chevrolet truck. And it also means that you can look forward to extra miles of dependable, money-saving truck life.

You can look forward to lots of other big advantages, too—advantages like new cab comfort, greater engine power and increased operating economy. They're all yours in America's lowest-priced line of trucks!

Drop by your Chevrolet dealer's and take a look at the huskiest, thriftiest Chevrolet trucks ever built. He'll be happy to give you all the facts about the model that's just right for your job. . . . Chevrolet Division of General Motors, Detroit 2, Michigan.

## CHEVROLET ADVANCE-DESIGN TRUCKS





**NEW, BIGGER LOAD SPACE:** New pickup bodies have deeper sides. New stake bodies are wider, longer and roomier. You can haul bigger, bulkier loads . . . save time and extra trips. Also, these bodies are built to stand up on tough jobs—and keep coming back for more!

## Completely new '54 Chevrolet trucks offer all these brand-new features —

**NEW ENGINE POWER AND FUEL ECONOMY:** Bigger, brawnier "Thriftmaster 235" engine. Rugged, durable "Loadmaster 235" engine. All-new "Jobmaster 261" engine.\* All three deliver new power *plus* new operating economy!

**NEW AUTOMATIC TRANSMISSION:**\* Here's great new driving ease! Truck Hydra-Matic transmission is offered on 1/2-, 3/4- and 1-ton Chevrolet trucks.

**NEW COMFORTMASTER CAB:** Offers new comfort and safety. New one-piece curved windshield gives

extra visibility. New instrument panel is easier to read and controls are easier to reach.

**NEW RIDE CONTROL SEAT:**\* Seat cushion and back move as a unit to "float" you over bumps. Eliminates annoying back-rubbing.

**NEW ADVANCE-DESIGN STYLING:** New, massive front-end design. New parking lights show the full width of the truck.

\*Optional at extra cost. Ride Control Seat is available in standard cabs only, "Jobmaster 261" engine on 2-ton models.

**MORE CHEVROLET TRUCKS IN USE THAN ANY OTHER MAKE!**





# HERE'S WHERE WAR MOBILIZATION STANDS

By STERLING GREEN



ODM head Flemming: "Industry is the front line"

THE VAST destructive reach of the hydrogen bomb which blew an island out of the Pacific is increasing the urgency of the question:

Are the problems of defense insoluble?

No one working on them so admits.

Although estimates of damage from enemy attacks are being revised upward to take into account Russia's apparent mastery of the hydrogen bomb, experts are satisfied that preparations already made would make it impossible for an enemy to nullify at a single blow our one vast superiority—the war potential of American industry.

These preparations are the task of the Office of Defense Mobilization, led by the mild, scholarly and tireless Arthur S. Flemming, former president of Ohio Wesleyan university.

As he explains it, ODM is trying:

"To plan for every eventuality—a cold war, a police action, an intercontinental duel, or an atomic holocaust. No plan can be final, no decision can be irrevocable, no ODM file can be closed. We must be ready for fast and flexible action.

"When we freeze prices or production, we want to freeze in a state of normality. When we convert industry to munitions, we want a smooth turnaround without waste of time, manpower, plant capacity, materials or money.

"We are far ahead of any peacetime period in our history in mobilized strength. But we still must devise ways to save the industrial base of mobilization from dismantling and deterioration in the periods of half war and cold war. We must improve the government's mechanisms to convert industry swiftly from a potential into an arsenal.

"And we must protect the mobilization base from an atomic assault. For the first time in history we face the problem of producing while under attack. Industry is not behind the lines any more. It is the front line."

The vulnerability of U. S. industry is obvious. Seventy-one per cent of our industrial capacity and 54 per cent of our workers are in 50 great metropolitan centers.

Still the Armed Services Committee of the Senate recently confirmed that it has received plans for an "effective defense" against both atomic and hydrogen bombs although "complete protection" is impossible.

Though the dispersion standards were drawn long before an H-bomb blew an island out of the Pacific, ODM says they "took into consideration the damage effect of the anticipated nuclear weapons."

ODM has been checking up on itself anyway. Its 15 member Science Advisory Committee, headed by President Lee A. DuBridge of California Institute of Technology, has reported that it is "well impressed with the standards for reducing vulnerability of industrial resources to atomic attack."

Mr. Flemming adds:

"Don't forget we would be dealing the enemy an even more devastating blow. The war could be won by the country best prepared for rapid recovery.

"If we do a good enough job, the attack may never come. Part of our task is to convince an aggressor that American industry is so well dispersed and protected that it is an unrewarding target. Russia has the capacity to strike, but we can remove the incentive."

The first phase of mobilization, a massive build-up of weapons on hand and capacity in reserve, is nearing completion. The second phase, that of perfecting and protecting the industrial base, finds ODM giving priority to six basic planning projects.

In summary these are:

1. Increasing the number of plants that are dispersed or otherwise protected from atomic assault. A vast, long-term industrial defense program has been launched.
2. Rewriting, updating and enlarging the framework of control bills which the President would send to Congress on M-day.
3. Solving a double manpower puzzle. It will be harder to muster 13,000,000 fighting men than in the last war; yet the military call-up must not snatch away skilled manpower from vital industry. A reorganization of the military reserves is in the making.
4. Providing a ready-to-tap flow of materials to feed a ready-to-roll munitions industry. The planners have sought, and believe they have found, a minimum harness of materials control which can become a full-war allocation system overnight.
5. Finding workable methods to keep idle assembly lines in standby. Otherwise the base will deteriorate almost as rapidly as defense contracts run out.
6. Measuring and remedying the gaps and shortages in the mobilization base which would show up in war.

To meet these problems Mr. Flemming has broad





## How movies help Minute Maid warm up sales for frozen orange juice

Minute Maid Corporation uses two different types of movies to help promote its frozen products at both dealer and consumer levels.

### To put it on the shelf . . .

Last year, Minute Maid's salesmen marched into meetings of wholesale grocers and chain stores, set up their Kodascope Pageant Sound Projectors, and presented "The Parade of Stars," a 25-minute film covering Minute Maid's consumer advertising and sales promotion program. The movie entertained and convinced. The use of film also helped to assemble all buying influences in a single room for the presentation, greatly reducing the selling time required.

### To move it off the shelf . . .

To entice consumers, Minute Maid showed another movie, "The Marvel of Minute Maid," to home-economics groups, P.T.A. meetings, men's and women's club groups,

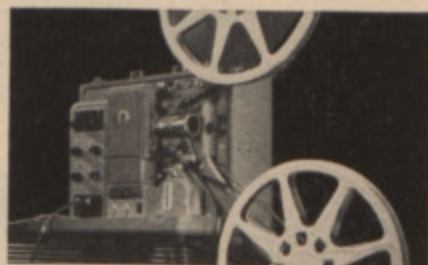
and similar organizations. It tells the story of concentrated fruit juices from tree to table. Narrated by Bing Crosby, this film has played an important part in squeezing the orange juicer out of the American kitchen. And it has helped to make the 6-oz. can of frozen concentrate one of the most common items in the housewife's shopping basket.

### To keep salesmen moving faster . . .

Minute Maid Corporation uses 8 Kodascope Pageant Projectors in its sales program. "The Pageant's easy portability makes it ideal for sales calls," says James Rayen, Minute Maid Advertising Manager. "It's easy to set up and operate, too. Yet it does a regular 'theater job.' What's more, when our salesmen are out on the road, their projectors have to take a lot of knocking around. But because of its pre-lubrication feature, the Pageant can take it . . . and without a bit of

*maintenance. We've never had a breakdown."*

Like Minute Maid, you, too, may find the answer to your need for a dramatic sales tool in the Kodascope Pageant. Ask your Kodak Audio-Visual Dealer for a free demonstration or mail the coupon for full details.



Kodascope Pageant Sound Projector. There are 6 models to meet every 16mm. visual or acoustical need. Prices start at an amazingly low \$375 (subject to change without notice).



**PROBLEM:**  
How do you sell weather?

**SOLUTION:**  
Put it on slides.

Weathercasts of America, with offices in St. Louis and New York, is a firm of weather consultants providing forecasts and surveys to industry.

In selling its services, Weathercasts' salesmen use an easily portable Kodaslide Table Viewer. Slides show rudiments of meteorology and steps taken by Weathercasts to relate weather to client's own particular operation.

"We have found the Kodaslide Table Viewer helps us cut selling costs," says President William J. Hartnett. "Since the service we sell is rather complex, selling with the Viewers requires fewer call-backs. The potential customer gets a vivid Kodachrome Film story the first time."

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**Kodak**  
TRADE-MARK



powers—many of which he does not assert—and full planning responsibility.

But he acknowledges several superiors. He calls ODM a staff arm of the President, and has organized it on compact staff lines with a minimum of direct operating functions.

The cabinet-level National Security Council, on which he sits, lays down the broad policy objectives. ODM's programs are subject to review by NSC, occasionally are laid before the entire cabinet.

The staff arm, moreover, has many hands. ODM lives up conscientiously to White House instructions to work so far as possible through established agencies. Twenty of them do ODM's bidding on mobilization matters. On occasion they are assigned the planning spadework, but primarily they manage stockpile buying, allocating material, lending for defense, and the other housekeeping duties.

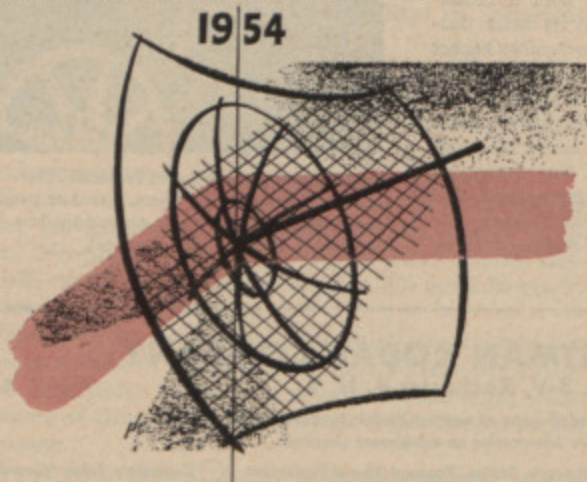
In size ODM is small. As a former member of the Civil Service Commission and the first Hoover Commission, Mr. Flemming leans over backward to pare personnel and costs. He has shrunk ODM to between 300 and 400 employees.

When Mr. Flemming took his job, he split ODM into eight divisions. Each could be transformed, in a full mobilization, into an emergency agency—economic stabilization, war production, a manpower authority, and so on. Most of them are commanded by executives on loan from industry and serving six months to a year.

When his term in Washington is served, the departing executive finds that Mr. Flemming wants from him, and from his company, an agreement that he'll return in event of war.

With this technique, the ODM director hopes he is training a mobilization reserve of men in top management who know their emergency assignments in time of war—and also know the ins and outs of government.

This rotation has its drawbacks, of course. Although a top-flight government career assistant backstops each newcomer from industry, the high turnover of executives may now and then impair ODM's aggressiveness and follow-through. As this was written, ODM never had had all eight key jobs filled at the same time.



*"... the hazard is now, and from now on"*

When ODM was created three and a half years ago its instructions were: Be ready by mid-1954. The government no longer recognizes "critical years" or target dates, because the hazard is now, and from now on. But this is the state of the mobilization in mid 1954:

The present needs of national defense have largely been met. Supplies of munitions are good. Some items

threaten to become storage problems. Except for aircraft and guided missiles, the production trend is pointing down.

Deliveries of military "hardware"—planes, tanks, ships, weapons, vehicles and ammunition—hit their peak last May at \$2,400,000,000. They had fallen below \$2,000,000,000 a month by the turn of the year. Some production officials believe the rate may drop as much as 30 per cent or more by a year from now.

Defense plant expansion also is in its declining phase.

Completions will keep construction volume high for many months, but the flood of ODM certificates for five-year tax write-offs has abated.

Of 240 industries which ODM deemed essential and for which expansion goals were fixed, 150 have been subscribed up to what ODM considers the needed capacity for full mobilization. These include many industries which were bottlenecks in World War II—machine tools, bearings, condensers, sulfuric acid, rubber, and railroad equipment. Ninety goals are unfulfilled, however.

Close to \$30,000,000,000 worth of plant and equipment has been built or scheduled with the help of the accelerated tax amortization program (which permits a company to write off in five years, in depreciation for federal tax purposes, a portion of the cost of a defense expansion). Roughly \$25,000,000,000 worth is scheduled for completion by the end of this year; however, completions have been running about \$5,000,000,000 behind expectations.

This much is clear: If trouble comes in the next five to ten years, plant construction will not rob the war production effort of men and materials.

Stockpile progress is good but uneven. In dollar terms the strategic reserve of 76 materials is four fifths full. But at the last accounting the goal was less than half achieved for 24 of the materials.

The establishment of new supply sources, coupled with slackened world demand, has improved the prospect for orderly completion of the minimum goals. But disturbing new factors have intruded. Mines, mills and smelters are as vulnerable to attack as factories, and are even more vulnerable to declining defense orders and falling prices. Faced with serious shutdowns in lead, zinc and other mining operations, the White House in March ordered ODM to review stockpile goals, increase them if advisable, and arrange for additional purchases—primarily from domestic producers—of perhaps 35 to 40 metals and minerals.

Moving from what's done to what yet must be done, here is a progress report on ODM's most urgent problems:

### Project No. 1—

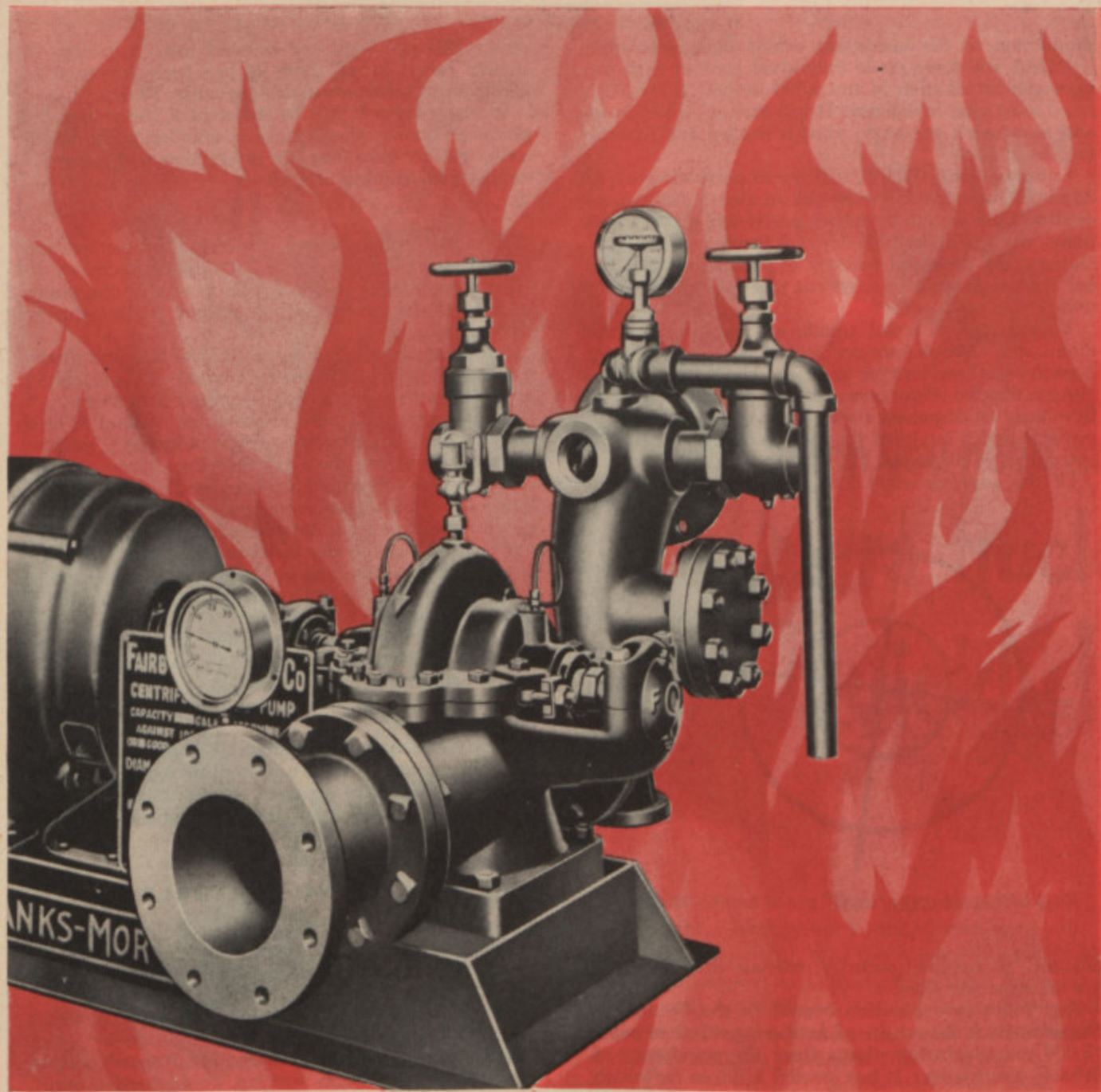
#### INDUSTRIAL DEFENSE

Now at the top of ODM's priority list stands a big problem which only the brains and skill of management can solve.

ODM calls it "Continuity of Industry." The Commerce Department's Business and Defense Services Administration (BDSA), to which ODM has delegated the responsibility, calls it "Industrial Defense."

To assist government in bringing this problem to management's attention, the U. S. Chamber of Commerce has scheduled a conference on industrial defense for June 15 in Washington. Purpose of the conference is to bring to the attention of business and industrial leaders the need for action on practical programs designed to protect critical facilities and assure continued





## may you never need it... but...

... if you do, this is the fire pump you can depend on, Fairbanks-Morse. And where else is quality, dependability more important than in a fire pump. True, they may never be called upon... true, they may operate but seldom, but when

they are needed, they *must* be ready.

That is why no design, material or manufacturing step that can contribute to reliability... to unfailing operation... is overlooked.

That is why we say "may you never need it, but this pump will

always be ready if you should."

For dependable service, look for the pump made by the world's largest manufacturer of a complete pump line—it carries the famous Fairbanks-Morse Seal of Quality. Fairbanks, Morse & Co., Chicago 5, Illinois.



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production to the maximum extent that is possible BDSA will have made individual contact with top management of each of the 3,500 industrial facilities rated most vital to defense. It will attempt to persuade and assist each one to do what is needed and feasible to protect itself.

Simultaneously BDSA will try to persuade each of 33 major industries to work out an atomic defense-in-depth. This would be based partly on prearranged plans, worked out by industry task forces or trade associations, for the rapid transfer of production, workers and materials from bombed-out plants to undamaged ones.

Economic and social trends are working for the mobilizers. About four per cent a year of industrial capacity has been moving to dispersed sites.

An estimated 80 per cent of all plants built since 1951 have been on dispersed sites. Last year 84 per cent of projects which qualified for the rapid write-off certificates were so dispersed.

Of the approximately 200 plants rated "most im-



Half of "most important" plants are dispersed

portant" to national security, officials find that half are on dispersed sites.

An "industry evaluation board" in the Commerce Department is far advanced in the appraisal of some 75,000 manufacturing plants from the standpoint of defense essentiality. It has located 2,700 so far which qualify as "important to national defense." It expects the number to reach 3,500.

The 2,700 in turn have been broken down into a dozen or more groups according to criticality. Each of the 200 in the "most important" bracket is so listed because it produces a substantial part—say, 25 per cent—of the nation's entire output of some vital weapon, part, or product.

The 100 or so which would be under the bombsights will be hearing from BDSA soon. They may suspect their critical rating but will not be sure of it, because others of the 3,500 "important" producers will be dealt with at the same time.

Where a company has more than one plant, BDSA will try to persuade it to transfer the defense work to one in a dispersed area.

Or, if dispersal is not feasible, BDSA will explore with management the possibility of shoring up vital hard-to-replace machinery by protective construction or underground installation. One hundred per cent TA write-off for protective construction is an established policy, if the project meets standards fixed by the Federal Civil Defense Administration. Until re-

cently this privilege was granted only to plants in critical target areas. Now it has been extended to plants in all target areas designated by FCDA.

In many cases it will be sufficient if the vulnerable producer knows where there is another plant which could quickly take over his production with some re-tooling and training of workers.

In a real pinch—where dispersion, protection and transfer are alike impossible—it may be necessary to calculate how long it would take to rebuild the plant, then stockpile enough of its output to last during reconstruction.

For products which deteriorate, like film and drugs, a "rotating stockpile" is being studied. This is simply an enlargement of the manufacturer's inventory; if the producer would need six months to rebuild, he'd keep an extra six months' supply in stock. The government might pay the extra carrying charges.

A few alert companies are far ahead of Washington. Some have built remote-control executive headquarters; many have microfilmed business records, cached away vital blueprints for construction, deposited emergency funds in dispersed banks, designated successors to company officers and plant executives who might become casualties.

ODM estimates that it may take six months for the average industry to compile the preliminary plan which will identify what it can do for itself and what must be left to the government. Hence the emphasis on speed.

Ready to help out are industrial dispersion committees in 91 industrial areas representing four-fifths of the country's productive capacity. Forty-three have completed surveys identifying dispersed industrial sites.

## Project No. 2—

### WAR POWERS AND CONTROLS

Because economic controls kick up the most dust in Congress, newspaper readers may be forgiven the impression that mobilization planning starts and ends with drafting freeze laws. ODM's general counsel, Charles Kendall, has a bundle of legislation which could go to Congress within hours any day.

If the bomb dropped tomorrow, Mr. Kendall admits, some of the legislation sent up would be makeshift, imperfect. Continuous revision and improvement will be needed, right up to M-day.

In a full-dress emergency, something like this would happen:

ODM would dispatch to Congress, via the White House, a bill authorizing an immediate freeze of prices, wages, and rents for 90 days. The same bill would carry consumer rationing and credit control authority. The President would select the freeze date.

There's nothing magic about 90 days; it just seems a reasonable period in which Congress could develop detailed price and wage laws to replace the freeze. Rationing probably wouldn't begin the first 90 days, but the authority would be needed to let the responsible agency begin developing its ration system. Sales of shoes, autos or other goods on which runs might begin could be halted to protect supplies pending rationing.

Simultaneously Congress would get a bill conferring on the President priority and allocations powers. The war powers would include shutting off civilian production, requiring acceptance and performance of government orders—in short, the well-remembered works.

The first batch of bills also would cover the requisi-





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tioning of private property; extraordinary procurement powers; censorship; authority to build and operate industrial facilities, and to seize existing plants.

Next attention would go to export and import controls, alien property, and authority to set up emergency federal corporations which would buy materials, build plants, lend money, purchase equipment. Also, a parcel of stiff wartime taxes.

The rule of flexibility applies with special force in ODM's Stabilization division, headed by Glenwood J. Sherrard, president of a hotel chain and a director of the U. S. Chamber of Commerce.

He has begun consulting with industry and labor on the specific laws and regulations which would replace the freeze.

The tendency to think of target areas as solely centers of population and industry has overshadowed another element of preparedness. The same cities are centers of commerce and credit. Unless plans are ready, hits on one or two financial centers would cause credit collapses, market closures, business failures and shutdowns of industry.

The Federal Reserve Board is ODM's chief agent in this area.

It has gone so far as to stockpile currency. Old but usable bills are being stored in safe places to meet the need for ready cash in damage zones.

That just scratches the surface. While banks have microfilmed and dispersed records, and designated branches to take over operations, the Federal Reserve Board is laying plans for emergency loans and other backstops for the credit system.

### Project No. 3— **MANPOWER**

Manpower is a ticklish problem in many ways, but mostly because there isn't enough of it. Men, rather than plants or materials, will put the ceiling on the next war effort.

Any legislation seeking to curb an American's right to work where and when he pleases, and as much or little as he pleases, is automatically suspect. By the same token, the defense worker at the lathe will do a better job if he's there because he wants to be rather than because he has to be.

Some defense authorities doubt that those considerations remain valid in the atomic age. Won't compulsion be needed to send reconstruction workers into radioactive ruins?

ODM thinking favors voluntary controls.

Still, in ODM's vault lies the draft of a compulsory national service act. There is also a law relying on indirect measures to curb wartime job jumping and labor piracy.

For a guess: Mr. Flemming would offer both plans to the White House if war came, but he'd also submit ODM's recommendation in favor of the indirect approach.

### Project No. 4— **FLOW OF MATERIALS**

Materials allocation is nine tenths preparedness, one tenth control. There are few shortage items. Yet ODM knows it must keep an allocation program running, if only in low gear. Should the Defense Materials system be allowed to lapse, many months would be required to re-establish a complete allocation program after M-day.

Business advised ODM nine months ago, and ODM

agreed, that the system in use up to April 1 couldn't hold together indefinitely. In a period of declining defense production its burden of cost, time and paperwork would inevitably cause a breakdown.

ODM handed this problem, too, to BDSA. BDSA's answer is the skinned-down system now in force. It eliminates 90 per cent of the red tape but preserves a framework which could be transformed into a war-style "Controlled Materials Plan" overnight.

The industries most concerned—steel, autos, aluminum and others—were consulted every step of the way.

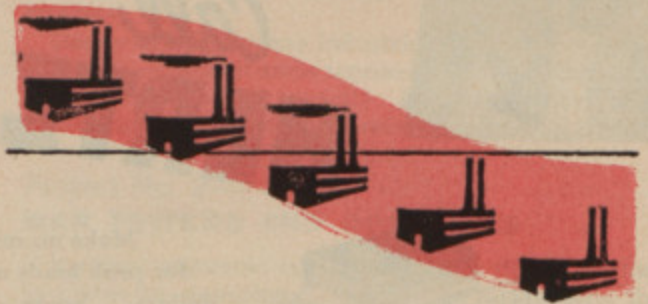
Until M-day, the system will serve primarily as a continuing record of the metals consumption of prime military contractors.

The passing of allotments on down to hundreds of suppliers and subcontractors of bits and pieces is eliminated.

When the emergency arrives, the allotments automatically become ceilings which prevent a materials grab-fest. Civilian production can be frozen at going levels, then curtailed and brought under the allocation system as military requirements climb.

### Project No. 5— **MAINTAINING THE BASE**

ODM's people have written at least 16 tentative versions and a half dozen official drafts of a program to keep the costly machines of war in shape to roll again,



*ODM plans to keep inactive plants in ready-to-use condition for long term preparedness*

once they have stopped. Somebody at ODM or the Pentagon found bugs in all of them. ODM is still trying.

By the time defense production is throttled down to a "maintenance" rate for the long pull, some 2,000 plants will have dropped out of the active mobilization base. The approach now being tested is to give each important producer a "maintenance contract." It would reimburse him for keeping the government-owned assembly line, tools, and machinery in ready-to-use condition.

Unhappily this would be expensive. Some judge \$100,000,000 a year would be needed to maintain the equipment for only 500 or 600 critical military items. Another sizable sum would be required for rental of the space.

Still, the cost would be insignificant compared to the billions spent during the Korean build-up alone on new tools and production equipment.

Ideally, the way to maintain a mobilization base is to keep it in production, but this becomes impractical when you start getting more production than you can use. Aircraft is the exception. The lines can be kept



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The roof of this frozen food and ice cream plant was painted with Roof-Coolerant, a special reflective aluminum roof paint manufactured by Tropical Paint & Oil Company, Cleveland, Ohio.

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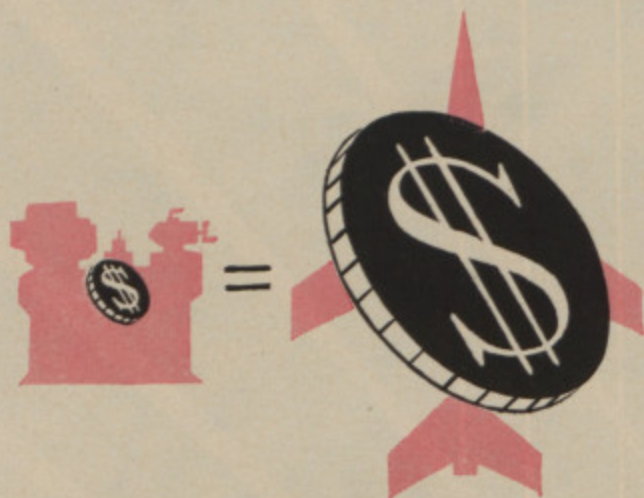


## MOBILIZATION *continued*

running at a good rate until 1958, officials estimate, with the funds in sight. Still, if you like to borrow trouble, consider what guided missiles might do to the aircraft program.

Some experts suspect that, when long-range missiles are perfected, the country can get along with half the strength in piloted planes.

In 1951 Secretary of Defense Charles E. Wilson, then head of General Motors Corporation, proposed dual-purpose plants which could turn out civilian or



*\$500,000,000 spent on hard-to-make aircraft tools could boost output by \$18,000,000,000*

defense products or both, in the proportions to meet any degree of mobilization. The idea is sound, but ODM faces the fact that few such plants exist and the rest must be maintained somehow.

A start is being made despite the frustrations. Arrangements have been completed for the packaging and storage of the complete kit of government-owned equipment and tools from the Chrysler-operated tank arsenal at Newark, Del.

Other agreements are being talked out with major producers. ODM and the Pentagon hope to arrive at a uniform workable policy soon; the mothballing problem will become truly formidable in 1955 when hundreds of large contracts run out.

### Project No. 6—

#### **CLOSING THE GAPS**

Simultaneously the industrial base must be reinforced in areas of weakness.

This job is running a year behind schedule—but daylight glimmers ahead.

The approach boils down to a preplanning of the economy for each of the first three years of all-out war. No nation ever has attempted anything like it.

ODM accepts the principle that capacity to produce is a military reserve of the highest order. Production equipment seldom becomes completely obsolete, but stockpiles of weapons quickly become so. Providing capacity is easier on the taxpayer, too. It has been estimated that \$500,000,000 spent on hard-to-make equipment for aircraft could increase the potential output of planes by \$18,000,000,000 in the first two years of a full mobilization.

Congress in 1953 appropriated \$250,000,000 to the Defense Department for production equipment. None of it has been spent, but it remains available. Another

\$500,000,000 is available to the individual services for their own allocation. In total, that's about all the Pentagon could spend in the next year if it knew exactly what equipment it wanted, and how much. It doesn't know, at this stage.

That's where "The Thousand Items" comes in.

By mid-1952 it became clear that staggering sums could be spent on preparedness without providing all the sinews for modern war.

A plan with the unpromising name of "Program to Measure the Production Potential under Full Mobilization Conditions" was devised. The spark plug was John D. Small, then chairman of the Munitions Board. He was abetted by Henry D. Fowler, last of President Truman's three ODM directors. Together they sold it to former Secretary of Defense Robert A. Lovett.

Work began with a target date for completion in the spring of 1953. The program was seriously set back, first by the change of administration, then by the Joint Chiefs of Staff's "new look" at defense. Momentum was regained last fall. Now the end is in sight.

By common consent the PMPPFMC became "The Thousand Items," because the basic tool is a projection, made by the Pentagon, of the military's full requirements of 1,000 major military end-items for each of the first three years of all-out war. This had been done. The rising curve of war production not only has been plotted by quarters and half-years, but has been translated into tons, forms and shapes of materials.

This job began with an estimate in dollars of the country's total ability to produce under wartime conditions.

The dollar total was divided up—so much for the military, so much for essential civilian use, so much for each of several defense-supporting activities.

The Joint Chiefs of Staff in turn parceled out the military share among the three services.

Then the Pentagon began converting its armament schedules into tonnages of metal in needed forms, shapes and fabricated components, while ODM put the civilian agencies to work. The latter have compiled a calculation of civilian wartime needs. It calls for an austerity never dreamed of in World War II.

Now in process is the matching of the total military and civilian wartime demands against careful estimates of materials supply, plant capacity, and manpower availability.

Wherever it appears that new plant capacity must be built, Mr. Flemming has announced, every effort will be made to induce private industry to take on the job. The inducements may be tax write-offs, long-term contracts to purchase part of the production, loan guarantees, or direct loans.

As a final resort, Congress might be asked to provide funds for government construction of standby facilities.

There would be no blanket request for plant-building powers, Mr. Flemming vows. Each request would cover a specific project.

Year by year the master blueprint will change as gaps are filled, the economy grows, and strategy changes.

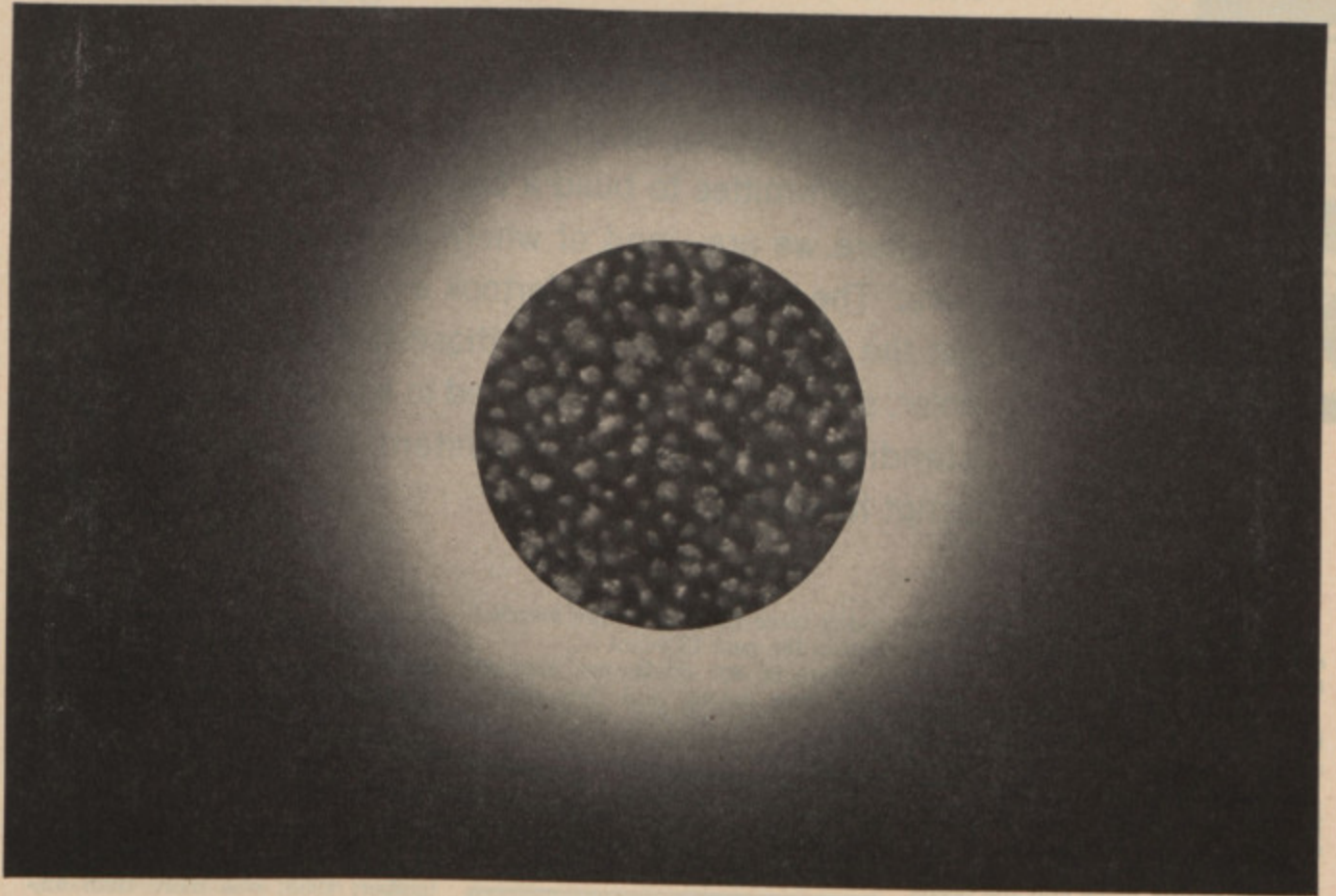
The Thousand Items should become a basic vehicle by which the United States can move, in minimum time after M-day, to the maximum realization of its military power. If it succeeds, no country ever will have been prepared to throw so large a proportion of its total resources into war.

**END**



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# FUTURE OF AMERICA

Conflicting opinions about our economy cause many people to worry about personal security, their business outlook. The Association of National Advertisers and the American Association of Advertising Agencies believe this alarm grows from a lack of information. They formed a joint committee to build a better understanding of where we are—and of where we can go from here. The committee undertook a research job to get the facts. It assembled those facts in a full-color, sound, slide film dedicated to a better understanding of our economic system. The edited script follows:



**A GREAT OPPORTUNITY** exists at this moment. It takes two forms.

*First*—A variety of changes are taking place in the United States, at a faster rate than ever before.

*Second*—We face certain basic needs which can greatly expand our economy.

These two facts together, the changes taking place and the needs before us, can result in a substantial, long-time upgrading of everybody's standard of living. Just what are these changes and needs? First the changes:

## CHANGE NUMBER 1:

*Our population is increasing at an astounding pace.* Total number of births in 1953, approximately 4,000,000, was the highest annual figure ever recorded. By 1960 our population will be close to 180,000,000.

Every day nearly 11,000 babies are born. Each month we add to our population more than a Birmingham, a St. Paul, or a Toledo.

## CHANGE NUMBER 2:

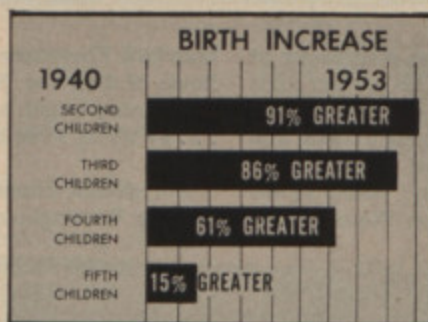
*We have more new families.* Of the estimated 37,000,000 married couples

today more than half were married within the past 13 years.

More of our adults are married than ever before, and they marry younger.

## CHANGE NUMBER 3:

*We're raising bigger families.* In 1953 births of second children were



91 per cent greater than in 1940, births of third children 86 per cent greater, fourth children 61 per cent greater, and fifth children more than 15 per cent greater.

## CHANGE NUMBER 4:

*Our people are living longer.* By 1960 our population more than 65

years old will number 15,500,000. That's 1,000,000 more than the entire population of Canada. Today, older people are more active, travel more, and have more money to spend.

## CHANGE NUMBER 5:

*There are more jobs.* Total employment including agriculture in September, 1953, was more than 62,000,000.

This was better than 17,000,000



more than the 1939 average of approximately 45,000,000.

[Ed. Note: Although total employment has declined to about 60,000,000 since this script was written, job-



The  
adding  
machine  
that  
stole



# \$25,000

NOT ONE man in a thousand could tamper with the inner gears of an adding machine to make these six figures add up to \$500.

But a dishonest employee did just that. He had the ingenuity to rig the machine so it would tell lies at his bidding. And he used it to defraud his firm of \$25,000—before he was caught.

Such clever ways of stealing are diffi-

cult to detect. And it's even more difficult to recover funds that have been stolen and spent by a dishonest employee.

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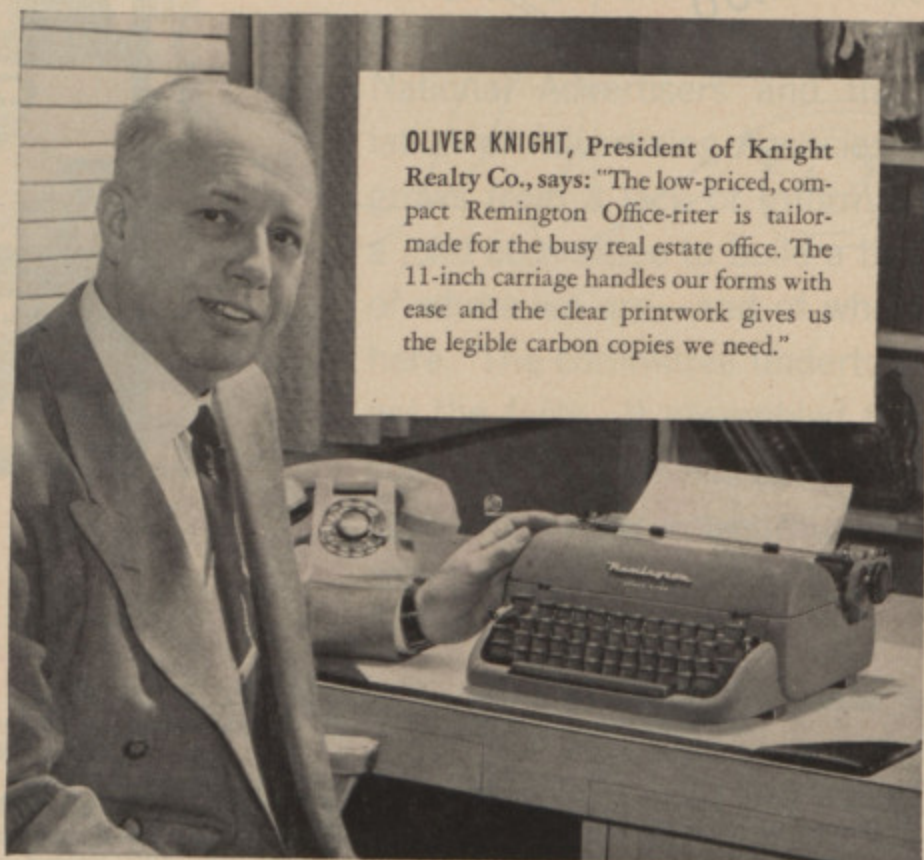
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# New low-priced office typewriter wins enthusiastic approval of Bridgeport Realtor . . . . .



OLIVER KNIGHT, President of Knight Realty Co., says: "The low-priced, compact Remington Office-riter is tailor-made for the busy real estate office. The 11-inch carriage handles our forms with ease and the clear printwork gives us the legible carbon copies we need."

Here's why you'll find the Office-riter in so many business and professional offices:

1. The Remington Office-riter has an 11-inch carriage with a 10-3/10 inch writing line . . . the longest writing line of any 11-inch carriage machine now manufactured. The Office-riter can handle letters, forms, statistical reports, invoices . . . everything from the smallest size card to a sheet 11-inches wide . . . with ease and convenience.
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4. The Office-riter has a full standard keyboard, clean, sharp printwork and every feature needed to meet all the typing requirements of your office PLUS the

extra advantages of convenient, compact size and low price.

A demonstration will convince you that this unique new typewriter deserves a place in your office. Call your dealer or Remington Rand Business Equipment Center today! Ask about terms.

## Remington Office-riter

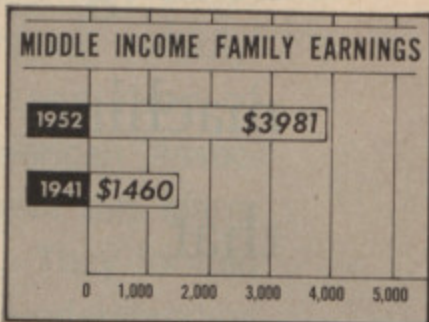
A Product of **Remington Rand**  
MAKERS OF THE REMINGTON  
QUIET-RITER, STANDARD, NOISELESS  
AND ELECTRIC TYPEWRITERS.

holders today still far outnumber those of 1939.]

### CHANGE NUMBER 6:

*We've been earning more money.* Nine times more Americans were in the \$5,000 plus income bracket in 1952 than in 1941. Many more had moved up to the \$3,000 plus bracket.

In 1941, the average middle income family earned \$1,460. In 1952



this figure had climbed to \$3,981. Discretionary spending power of our people is now more than five times as great as in 1940.

Even after discounting for inflation, this will buy more than twice as much as in 1940.

### CHANGE NUMBER 7:

*Our farms have become mechanized,* have better methods and are far more efficient. Although our population has had a net shift of almost 6,000,000 away from the farms since 1940, we have at the same time increased our farm production to levels higher than ever before.

These changes since 1940 have resulted in a 52 per cent increase of farm output per man hour, and have resulted in higher living standards for both farm and urban people.

### CHANGE NUMBER 8:

*We have 80 per cent more high school graduates* in our adult population than in 1940. Our 1953 school enrolment totaled 32,796,000, including 7,266,000 in high school.

### CHANGE NUMBER 9:

*We have more students in college.* Education has become a much more important factor in the competition for good jobs and advancement. Although the peak college registration was reached under the G.I. Bill of Rights, today's enrolment of 2,377,000 represents an increase of 55 per cent over 1940.

### CHANGE NUMBER 10:

*Our people are saving more and borrowing more.*

Individual savings rose from \$68,500,000,000 in 1940 to \$250,000,000,-





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**SINCE** Western Electric is the manufacturing unit of the Bell System, our aim is to produce telephone equipment that won't let you down—and to do it so that the price of telephone service may be as low as possible. That's how Western Electric helps to make your Bell service so good and such a good value.



**Western Electric**



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helps your business

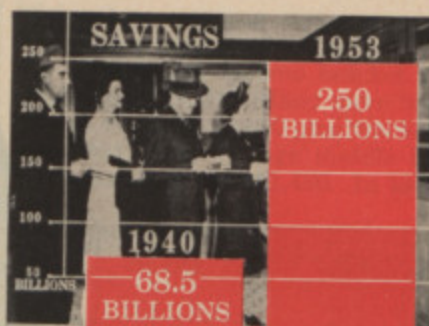
build business!

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## American Credit Indemnity Company of New York

000 in 1953. Consumer debt in 1940 was \$33,600,000,000, nearly one half of savings. In 1953 it was \$88,800,000,000, only about a third of sav-



ings. The ownership of life insurance rose from \$115,000,000,000 to \$304,000,000,000 in 1953.

### CHANGE NUMBER 11:

*America is going suburban.* From farm and city both, we're moving to the suburbs at an unprecedented rate. Our cities are growing and spreading so rapidly that, in the 12 largest metropolitan areas, 72 per cent of the growth was in the suburban areas between 1940 and 1950.

### CHANGE NUMBER 12:

*We're making great technological progress.* Only five per cent of the work done in the United States today is manual, 95 per cent is done by machinery and power.

There is more power under the hood of a car today than was found in the average factory of 1890.

### CHANGE NUMBER 13:

*We're eating better, eating better food, and our diets are better balanced.* Since the end of the war . . . food has become a \$60,000,000,000 market.

We're drinking 18 per cent more milk and cream per person, eating 33 per cent more eggs, five per cent more meat, fish and poultry, per person, than before the war.

In the same period our consumption of frozen fruits, juices and vegetables has gone up more than 2,000 per cent.

### CHANGE NUMBER 14:

*We have more leisure time, and more time to travel.* More than half of our families take annual trips which average ten days away from home.

Approximately 40,000,000 of us get paid vacations. Last year, 1,000,000 of us went abroad, not including servicemen.

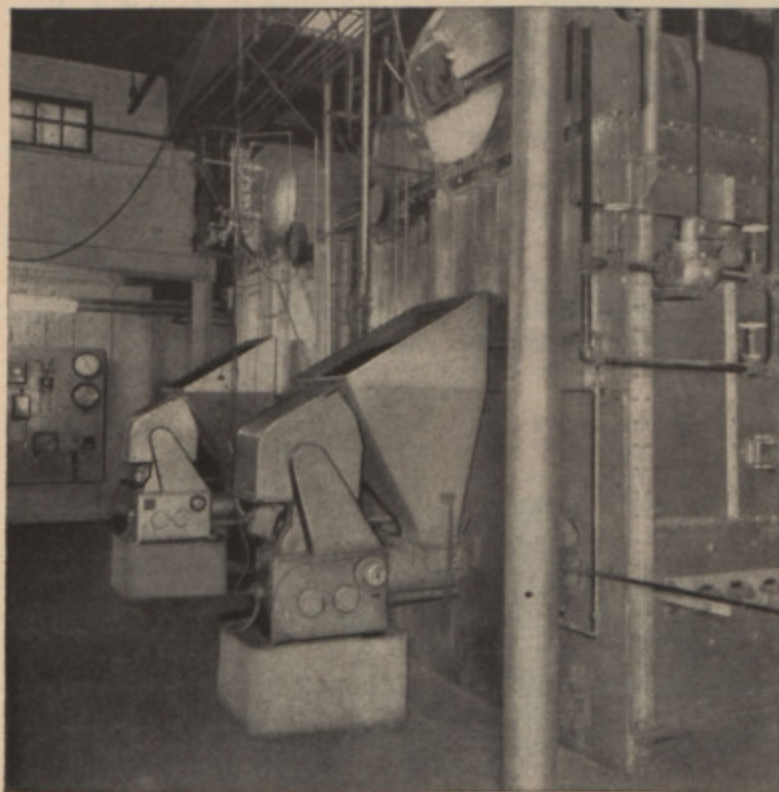
We're using our increased leisure in many constructive ways. Some 11,000,000 of us have our own home workshops.

In 1950 we spent 96 per cent more



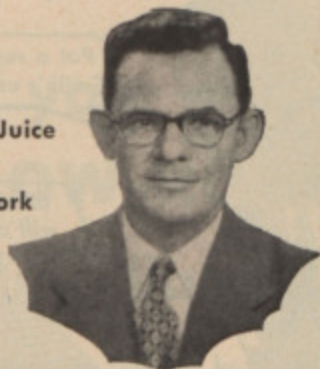
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Other fuels would cost us far more!"



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Westfield, New York



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● Burning bituminous coal the modern way can save you money, too! Labor costs are cut to a minimum with up-to-date coal- and ash-handling equipment... modern combustion installations deliver anywhere from 10 to 40% more power from every ton of coal!

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Here's something more! Today's bituminous coal customers get a better-prepared product—designed to meet their special requirements. And bituminous coal offers future dependability no other fuel can match. Reserves are virtually inexhaustible, and America's coal industry is the world's most efficient—your assurance of dependable supply of coal at relatively stable prices for years to come.

## If you operate a steam plant, you can't afford to ignore these facts!

- COAL** in most places is today's lowest-cost fuel.
- COAL** resources in America are adequate for all needs—for hundreds of years to come.
- COAL** production in the U.S.A. is highly mechanized and by far the most efficient in the world.
- COAL** prices will therefore remain the most stable of all fuels.
- COAL** is the safest fuel to store and use.
- COAL** is the fuel that industry counts on more and more—for with modern combustion and handling equipment, the inherent advantages of well-prepared coal net even bigger savings.

## BITUMINOUS COAL INSTITUTE

A Department of National Coal Association, Washington, D. C.

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In Canada—331 Bartlett Ave., Toronto

for books than in 1940; 140 per cent more for sports equipment and toys; 129 per cent more for flowers and



seeds and 263 per cent more for radios, musical instruments, phonographs, and TV sets.

### CHANGE NUMBER 15:

*Our horizons have broadened. We are becoming a better informed, better integrated people through the use of mass communication techniques.*

Compared with ten years ago, we're spending 76 per cent more for newspapers and magazines. By the end of 1953, about 27,000,000 homes had television sets.

### CHANGE NUMBER 16:

*We are experiencing important cultural progress. In 1952 we published almost 12,000 different books. In 1950 we spent 85 per cent more for legitimate theater and opera than in 1940.*

In the past 25 years the number of our museums has increased from 600 to approximately 2,500. Last year we bought \$60,000,000 worth of classical phonograph records. Three times as many concerts are given in the United States as are given in all the rest of the world combined.

### CHANGE NUMBER 17:

*We are in the midst of a great renewal of religious interest. Since 1940, membership in religious congregations has increased at twice the rate of our population growth. We've added 22,000,000 new church members, 40,000 active clergymen, thousands of new places of worship.*

We published more Bibles between 1940 and 1950 than in the previous 40 years.

We also developed vast new audiences for radio and television religious programs.

Our material progress achieves still greater significance in relation to this great renewal of spiritual interest.

Besides all of these basic changes in America, we have entered the

atomic age, a realm of new understanding of the physical substances which compose our universe.

The changes which this tremendous fact will bring about defy prediction.

The new era of speed is symbolized by jet propelled aircraft, flying faster than sound.

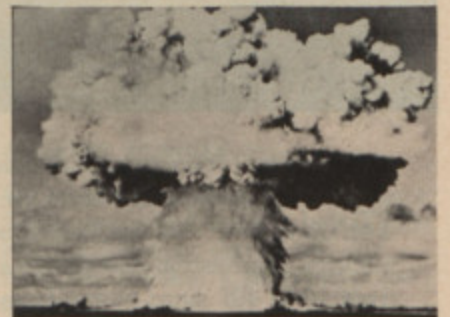
There is a new era of medicine, with its new techniques of surgery, new advances in biochemistry and internal medicines, and the new drugs, such as the antibiotics; a new era of electronics, with our guided missiles, radar, calculators, and electronic brains.

The list of these accomplishments could go on and on. Some of the new developments are so fantastic as to seem almost unreal, even though they're happening right before our eyes.

Changing? Yes, America is changing. Nobody can dispute it. These are not whims or fancies or predictions.

These are facts, actual events which are taking place right now, so clearly and so unbelievably that we can scarcely appreciate their implications.

But these changes do have implications. They result in needs. Needs that grow larger, more compelling, every day. Let's look at some of the



most pressing needs which our economy faces:

### NEED NUMBER 1:

*Our school facilities ought to be almost doubled within the next few years.*

We have almost 70 per cent more children under five years of age today than we had in 1940.

### NEED NUMBER 2:

*We need more highways, better highways. In fact, we should completely remodel our entire highway system within the next few years.*

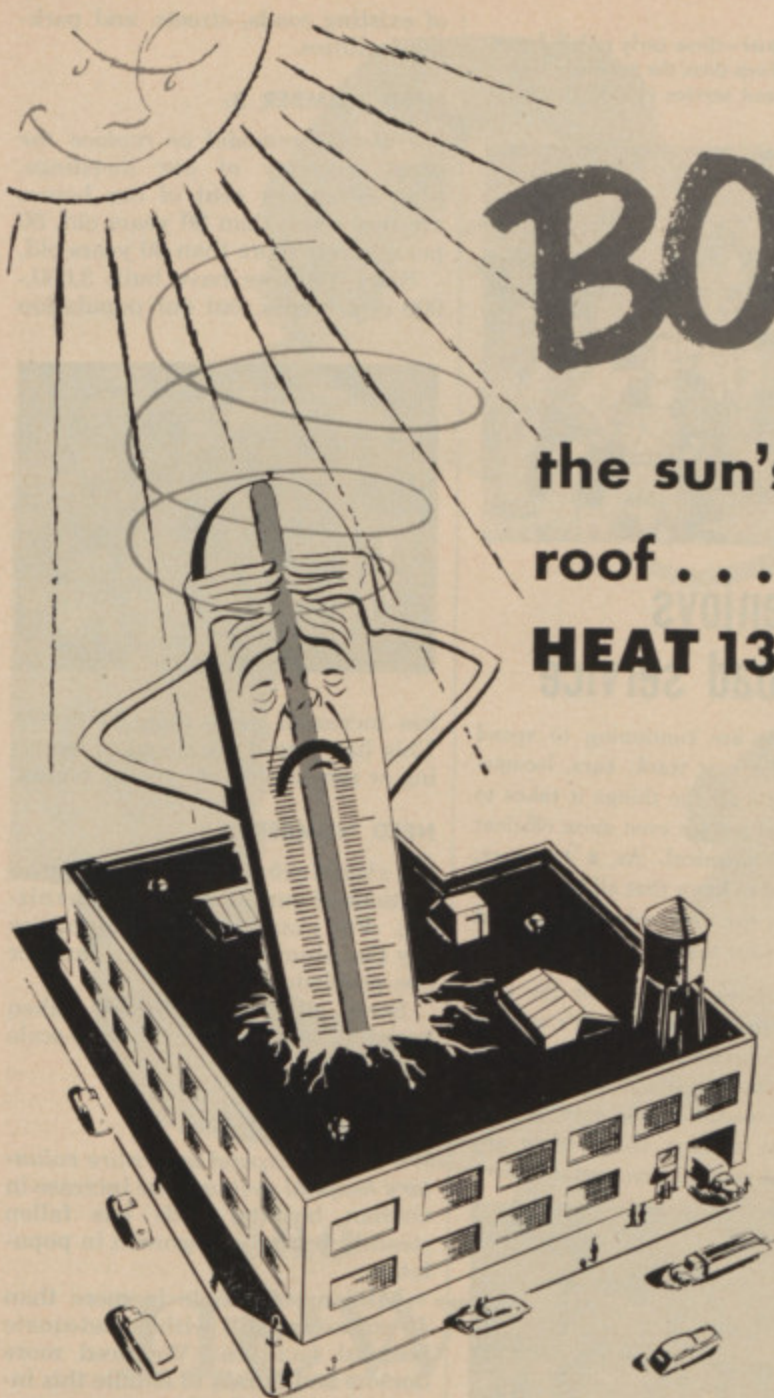
Today's roads are carrying almost 55,000,000 vehicles, 72 per cent more than in 1940.

The pressure for action to relieve this congestion has become intense, and can be remedied only by new construction and drastic rebuilding



# BOUNCE

the sun's rays off your  
roof . . . **CUT BELOW-ROOF  
HEAT 13° to 26° immediately!**



- Roof Coolerant deflects radiant heat
- Roof Coolerant prolongs roof life
- Roof Coolerant is easily applied

Now's the time to brush or spray this low-cost "air conditioning" on your roof and beat the heat this summer! It reduces below-roof temperatures 13° to 26° *at once*. By deflecting up to 70% of the sun's radiant heat, Tropical Roof Coolerant brings below-roof areas into the comfort zone on the hottest days. Thousands use it—on factories, office buildings, warehouses, hotels, motels, showrooms, auditoriums, public buildings, banks, garages and similar buildings.

## REDUCES REFRIGERATION LOAD UP TO 25%

In air conditioned buildings and freezer plants users report Roof Coolerant reduces the operating load as much as 25%.

Roof Coolerant is made of pure Alcoa aluminum flakes and a remarkable liquid bond that insures tight adhesion to the roof. It forms a shining, seamless "blanket." Without this protection the hot sun dries out vital roof saturants, leaves it brittle, ready to crack and develop leaks. Roof Coolerant's metallic "sun shield" retards drying-out, keeps the roof flexible, prolongs its life.

Get the new comfort, roof protection and economy of low-cost Roof Coolerant this summer. Call your Tropical man, or write!

Tropical Roof Coolerant  
is made with pure  
**ALCOA ALUMINUM**



**FREE!** Beat the heat this summer! Your business letterhead request brings our free bulletin on low-cost, easily applied Roof Coolerant. Write today!

THE TROPICAL PAINT & OIL CO., 1134-1270 W. 70th St., Cleveland 2, Ohio



Heavy-Duty Maintenance Paints Since 1883

# TROPICAL

Subsidiary of  
Parker Rust Proof Company





**Dining at 30 miles an hour**—these early railroad travelers enjoyed the very best. Even then, the railroads spared no effort to see that food and service rivaled the finest restaurants of the day.



Service has always  
been first on the  
railroad menu...

## And today America enjoys constantly improving railroad service

To the men who moved westward with a growing America, railroad service meant much more than the novel luxury of the dining car. In fact, the steel rail itself became the very backbone which *made possible* America's vigorous growth.

And to you, today, railroad service is even more important, because now our way of life depends more than ever on fast, efficient rail transportation. Only the railroads can do the big, basic job of economically moving the mountains of goods which America produces. To improve this service, the railroads have spent more than 9 billion dollars since the end of World War II.

The railroads are continuing to spend huge sums for new track, cars, locomotives, signals — all the things it takes to make railroad service even more efficient and more economical. As a taxpayer, you'll be glad to know that all this money is raised by the railroads — none of it comes from your taxes.

This money buys progress for the railroads — and for all America. It's one big reason why America's railroads can carry more tons, more miles than *all* other forms of transportation combined—and do it at a lower average charge than any other form of general transportation.



**ASSOCIATION OF AMERICAN RAILROADS**  
WASHINGTON 6, D. C.



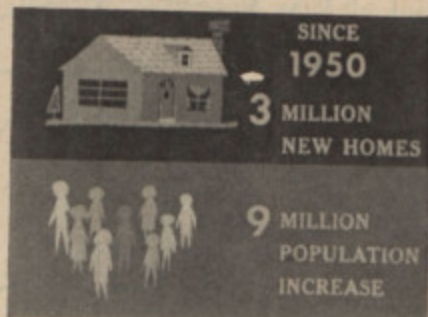
You'll enjoy **THE RAILROAD HOUR**  
every Monday  
evening on NBC.

of existing roads, streets, and parking facilities.

### NEED NUMBER 3:

*We should remodel or replace the great majority of our dwellings.* Sixty-seven per cent of our homes are now more than 20 years old, 50 per cent are more than 30 years old.

Since 1950 we have built 3,000,000 new homes, but our population



has increased more than 9,000,000. This has forced wide-scale rebuilding or remodeling of existing homes.

### NEED NUMBER 4:

*We should rebuild our cities.* Entire sections of our cities need modernizing. For example, some authorities say that slums are the cities' number one problem.

Some cities have already taken positive steps toward large-scale renovation.

### NEED NUMBER 5:

*We need to expand our entire voluntary hospital system.* The increase in civilian hospital beds has fallen steadily behind our growth in population.

Millions of people in more than 40 states are still without adequate hospital facilities. We need more doctors and nurses to handle this increased patient load.

Also our whole concept of the role of hospital care has changed. We used to go to the hospital to die. Today we use our hospitals primarily to live, to prolong life.

### NEED NUMBER 6:

*We should modernize industry.* Because of new industrial needs and developments we face a continuous need for plant modernization, and for the replacement of industrial equipment which has become obsolete, outmoded, or inadequate. Here are industry's own facts and figures on some of its machine replacement needs:

Grinding and finishing equipment, 23 per cent need replacement; production welding, 25 per cent; metal forming, 28 per cent; materials





The  
*Saving Touch*  
cuts typing costs



the  
new

**IBM**  
TRADE MARK

electric  
typewriter

The wear-and-tear you save your typists when you switch from manual typewriters to fast IBM Electrics means big dollar savings to you.

Actually, IBM's easy, fingertip touch and electric control greatly increase typing production through saving 95.4 per cent of the energy required to operate a manual typewriter. *A whole hour's typing on an IBM requires less energy than 3 minutes on a manual!\**

Add to this the benefits of finer-looking work, better morale among your staff, greater prestige among your customers, and it's easy to see why business firms have bought more than 3 times as many IBM's as all other models of electric typewriters combined!

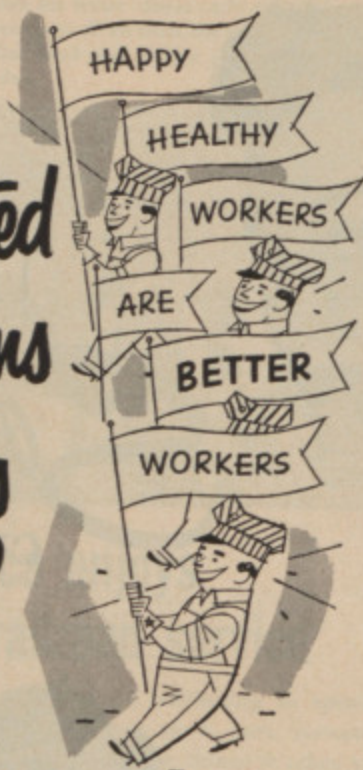
For full information, write Dept. V, International Business Machines, 590 Madison Ave., New York 22, N. Y.

\*By actual mechanical measurements, of inch ounces of energy for key, space bar and carriage return operations.





# Are you interested in what happens when Bill Jones gets home?



You might well say, "Bill's home life is his own affair. We're primarily interested in how he handles his job." That's true up to a certain point.

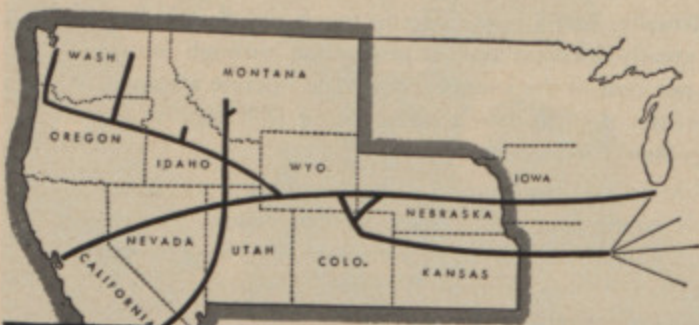
When you put a man on the payroll, you've bought an interest in his family. When families are healthy and happy you've got contented workers who will do a good job. They enjoy good health and good

living. There's less illness, less absenteeism.

Many industrial concerns which have located new facilities in the mushrooming West have discovered that employee relations problems are reduced to a minimum. That's why we call your attention to the eleven-state area served by our railroad.

Within that area you're almost certain to find the natural resources and facilities which you require. Of equal importance, are the recreational opportunities, the healthful climate and many other advantages. In the "Union Pacific West" workers are happier on the job and off the job.

For complete and confidential information about available industrial sites ask the "U. P." man who contacts you, or write the Industrial Development Department, Room 312, Union Pacific Railroad, Omaha 2, Nebraska.



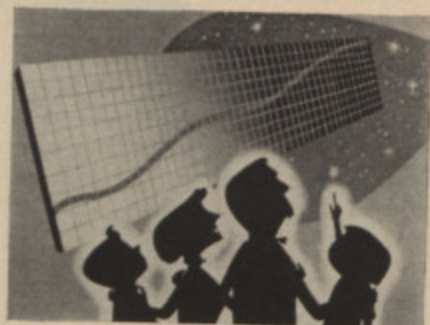
Map at left shows states served by Union Pacific Railroad

## UNION PACIFIC RAILROAD

handling, 28 per cent; machining equipment, 30 per cent.

To meet just these obvious needs requires more than \$500,000,000,000 worth of goods and services at today's prices. This is how it breaks down:

Schools and hospitals, \$40,000,000,000; highways, \$60,000,000,000;



housing, \$100,000,000,000; durable equipment and nonresidential construction, \$300,000,000,000.

This omits many other major fields such as electric power and farm equipment.

U. S. output of goods and services in 1953 was approximately \$348,000,000,000. Leading economists estimate that by 1960 this figure will rise to at least \$416,000,000,000, in terms of present prices. This is a conservative figure. Many economists predict a figure as high as \$550,000,000,000.

For further documented evidence of our future needs let's take a look at the government report "Resources For Freedom," prepared by the President's Materials Policy Commission and issued in June, 1952.

This report tells us that there will be impressive increases in American consumption of raw materials. We'll use 53 per cent more of all raw materials (except gold). The report also spells out the detailed percentages of other raw material increases including such extremes as coal, up 54 per cent, all the way to magnesium, up as high as 1,845 per cent.

These changes, these tremendous needs, these vast potentials of the future, add up to greater opportunities for practically every industry and practically every person in America today.

The big question is: Can these opportunities be made clear and convincing? How often in the past have we underestimated our potentials? How frequently have we misjudged our own strength?

Fifty years ago some leading financiers warned us that our 1904 automobile production of 23,000 vehicles was a serious case of overproduction. In 1908, a year in which

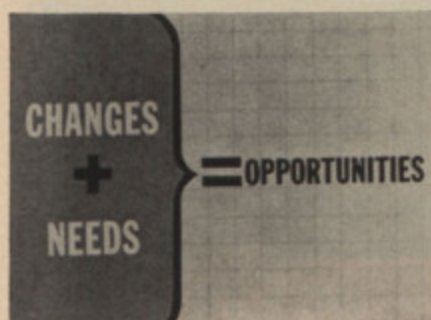


the industry produced 65,000 vehicles, an investment house refused to finance the merger of two famous car companies, because it thought the automotive market had been saturated.

It would be interesting to have the comments of these prophets of little faith during the single month of 1953 when we turned out more than 10 times as many cars as in the entire "saturated" market of 1908.

Knowing today's facts, each one of us can brighten his perspective by the accomplishments of the past.

In these facts lies the answer to questions in many people's minds. To the businessman with his need for long-range planning. To the wage earner because greater demand means more volume and higher



wages. To the farmer because new markets and more business means more prosperity. To the housewife because this story brings new promise and new opportunities for her and her family. And to the young people because these are the great opportunities in America.

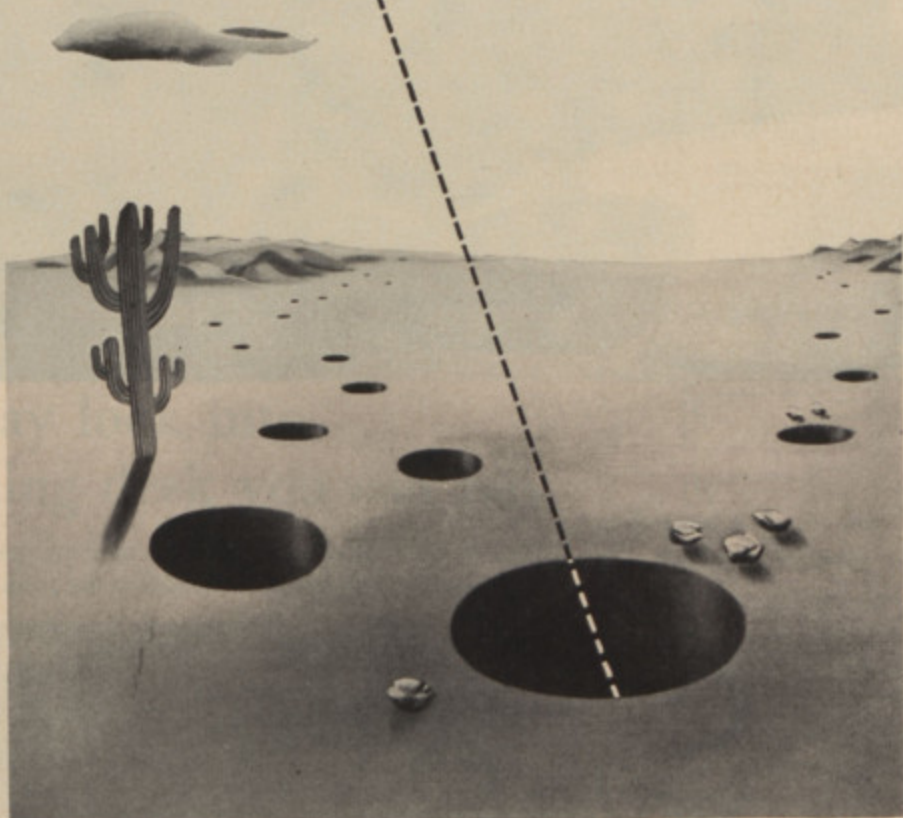
This miracle is happening right here and now. We must not fail to see it, and to evaluate it properly. The most conservative estimates of America's needs and changes, both immediate and long range, must lead us to one major conclusion.

Before us lies a new type of opportunity for every industry and every person willing to use his enterprise and imagination. The problem is to make more people aware of this, and more convinced of our great destiny.

Now is the time for dynamic action—the time to use our initiative. By taking advantage of our opportunities we can all move ahead with confidence. **END**

The slide film "THE FUTURE OF AMERICA" may be purchased for \$30 from:  
The Joint ANA-AAAA Committee  
Room 2500  
285 Madison Avenue,  
New York 17, N. Y.

... and the well  
was **DRY** 67 times!



Out of 90 wildcat wells drilled by Cities Service last year, over 67 were dry. And, you may say, "Bad business." But actually these dry wells represent the "good business" sense of the entire industry.

Even with all the latest scientific methods at their disposal, oil men cannot always be certain of a black-gold find beneath strange lands. What is important is that Cities Service, as well as the rest of the industry, is willing to risk huge sums on any reasonable evidence that they may find oil.

One company may decide not to drill an area, while another will say, "Let's take the risk." This is gilt-edge assurance to the nation that every possible area will be explored. It's a marvelous example of how

our free enterprise, competitive system constantly influences all American business in a direction that will always benefit the consumer.

Cities Service will continue to make new oil finds to help fill the oil larders of the nation . . . known underground oil supplies are over four times what they were thirty years ago. Cities Service will continue to drill dry wells too . . . the odds are 8 to 1 against bringing in a producing discovery well. And these hundreds of dry wells, with the millions of dollars spent on them, will in themselves serve as a monument to the constant efforts of the American petroleum industry to keep our country strong and to keep our standard of living the highest the world has ever known.

**CITIES  SERVICE**





## PRIVATE POINT FOUR

By DAVID L. COHN

# South of the border

THE colorful streets of Mexico City witnessed a mystifying spectacle in 1948. Each day a number of persons plodded along peering, as if they were detectives, into the open doors of little handworking factories. Wherever they saw men chipping stone, sewing clothes, making furniture, hammering metal, they went in. Engaging the proprietor in earnest conversation, they got out slide rules, made calculations, drew rough designs. Then they left and continued their search.

These men were looking for merchandise they could buy. They were executives of the newly opened Mexico City store of Sears, Roebuck and Company.

Their search was part of a stimulating venture. It is not a mere success story, the repetitious tale of the financial success of United States

business abroad. Rather, it is a venture in achievement, a suggestion to other American companies that may go abroad, and meaningful to us in our leadership of the free world.

In the process, Sears profitably and sharply expanded its Mexican operations. It won the loyalty of its local employees, the enthusiastic approval of consumers, and the good will of the Mexican government.

Nor is that all. Sears also has strengthened the Mexican economy, and—novel as well as significant—has done much to promote a middle class in a country where this class has always been small.

In 1947 Sears, Roebuck de Mexico, S. A., opened its first store. Six years later it was operating seven stores whose sales exceeded \$15,000,000 a year. It had become one of Mexico's largest retail merchants

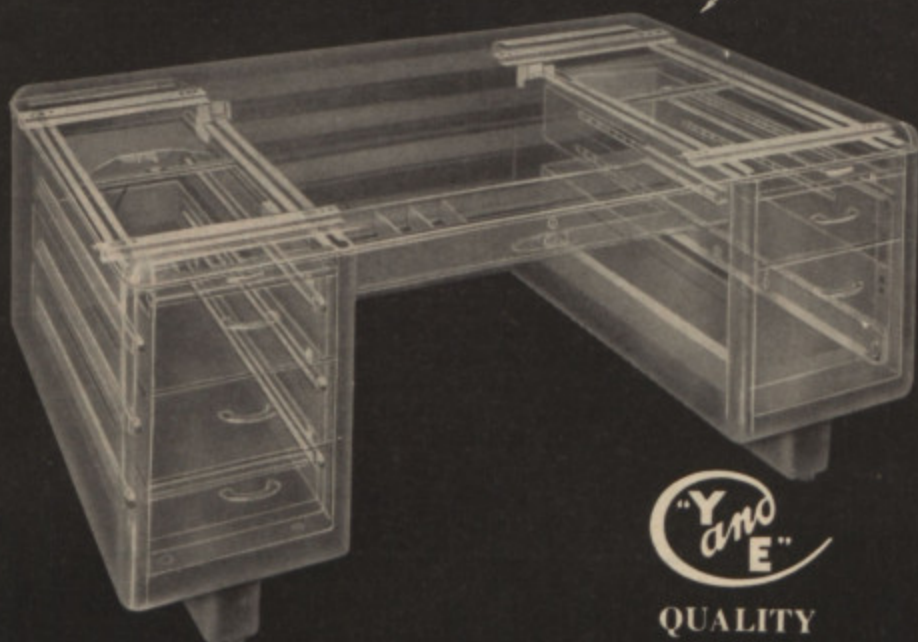
and one of the dozen largest private Mexican corporations—in gross business, net profits, taxes paid.

The going, however, was rougher than the happy ending would indicate. When, after careful studies in 1945 and '46, the company decided to enter Mexico, the country was in the midst of a wartime boom based in part upon huge sales to the United States of metals, cotton, and other products. The peso was strong in relation to our dollar. The Bank of Mexico was brimful of dollars. Imports flowed into the country in great volume. Customs duties on consumer goods were generally low.

Under the circumstances Sears made some decisions that proved to be wrong. The first was this: Based on estimates of effective buying power for Sears merchandise, it was concluded that potential customers



*All new engineering inside*

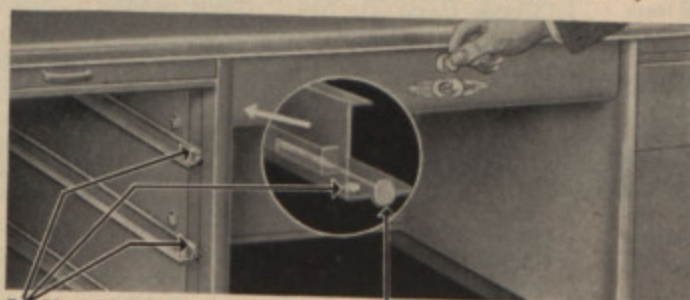


**"Y and E"**  
QUALITY

## Here's an X-ray look into the **easiest** operating desk you can buy

This new "Y and E" desk keeps its handsome, accepted style—but 20 engineering changes make it the most adaptable, easy-to-use desk you can buy.

New  
ease of  
operation

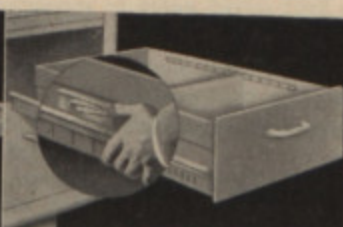


**1. New Nylon Stationary Bearings** glide drawers quietly in and out with effortless ease.

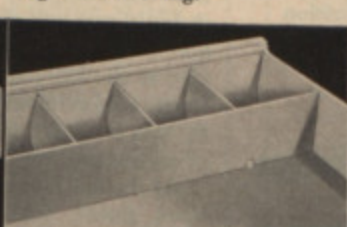
**2. New Effortless Locking**—new spring and locking mechanism give easy and positive locking and unlocking.



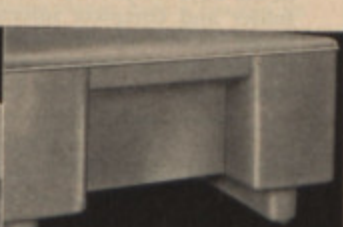
**3. New Sliding Reference Shelf** is reversible, can be used as utility drawer. Glass insert or pin tray is available.



**4. New Drawer Stop**, spring controlled, positive action—drawer removal simplified.



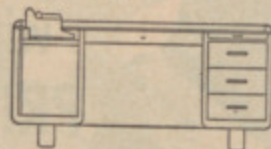
**5. New Roomier Utility Tray** for more convenient storage. All compartments full height of drawer—no spillage.



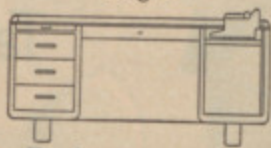
**6. Choose either Recessed or Flush Back** on original equipment. Can be easily changed from one to the other at any time.

### New Flexibility

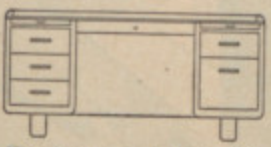
*Same desk adapts  
for different uses*



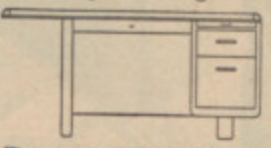
Reverse pedestal  
to get:



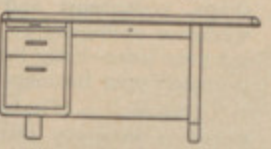
Replace typewriter  
pedestal with drawer  
pedestal to get:



Replace pedestal with  
end panel to get:



Reverse pedestal and  
end panel to get:



You can meet many  
changing needs through  
rearrangement of original  
parts. By stocking a few  
spare parts you can quickly  
and easily change this new  
desk to almost any model.

For complete information on how  
these new desks can benefit your  
company, please write for free bro-  
chure No. 3808.

**YAWMAN AND ERBE MFG. CO.**

1043 JAY STREET, ROCHESTER 3, N. Y., U. S. A.

Nationally distributed through  
branches, agents, and dealers.





## Get **FREE** Advertising with **PRINTED** Sealing Tape

Every time you seal a package with Istitix Printed Tape you are advertising. On the street, in shops, restaurants and busses — wherever customers go after leaving your store—Istitix Printed Tape promotes your business.

Think of it — *thousands* of impressions in every roll of Istitix. Any merchant can afford this low-cost method of advertising. And Nashua not only will create a distinctive, eye-catching design for you without charge, but also makes the machine for dispensing the Istitix Printed Tape.

The National Package Sealer and Istitix save wrapping time . . . create a good impression every step of the way. Write for Printed Tape folder and complete information about Nashua tape moistening machines, prices, and 10-day free service trial.

**Mail Coupon Now!**

**NASHUA**

**NASHUA CORPORATION**  
Nashua Package Sealing Division  
Dept. R-5, 44 Franklin Street  
Nashua, New Hampshire

Please send me your free folder and information about Nashua moistening machines and your 10-day free service trial.

Name \_\_\_\_\_  
Firm \_\_\_\_\_  
Address \_\_\_\_\_  
City \_\_\_\_\_ State \_\_\_\_\_

**SEARS,** Roebuck & Company now operates 24 retail outlets below the Rio Grande, and will open another in Bogota, Colombia, on July 29.

A twenty-sixth outlet, now building in Lima, Peru, will open in 1955.

Sears launched its first Latin American venture in Havana in 1942. It now has six Cuban outlets, seven operations in Mexico, three in Brazil, six in Venezuela, two in Colombia.

Many articles sold in these stores are of local manufacture; in Cuba, 35 per cent; in Mexico, 80 per cent; in Venezuela, 46 per cent; in Colombia, 60 per cent and, in Brazil, almost 100 per cent.

In summing up the experience of Sears in Latin America an official of the company says: ". . . despite strange customs, laws, regulations and language, we have in each place an organization of loyal, enthusiastic and well trained people. We have had relatively no labor trouble. We have introduced profit sharing where we could. The resources of these countries are enormous and, given capital and technical managerial skill, industries are bound to grow and a great middle class of people develop with a constantly improving standard of living."

would be limited to five or ten per cent of Mexico City's population.

Strangely enough, Sears had once made a similar mistake at home. About 30 years ago, then exclusively a mail order house, it decided to put on the dog for the farmer's daughter. It hired a famous designer—Lady Duff Gordon—to design dresses for the company. In the manner of the great Paris dressmakers, she gave each a name. One model was called "Come Back To Me." Never was anything so prophetically titled! One dress by that name was sold. It came back. Sears then returned to doing what it does superbly: selling masses of goods to masses of people.

It now takes a similar course in Mexico, offering to the public goods similar to those it sells in the United States. Sears of Mexico does offer luxuries such as hand-painted ties retailing for the equivalent of \$5; French perfumes; fine watches; made-to-order British tweed suits. But the company soon learned that it could not sell dresses in the \$35 to \$55 range, and goes only occasionally to the \$29 range. The main Sears lines in Mexico are those that people in this country have come to think of as necessities.

At home Sears sells hard lines: tires, paint, washing machines, refrigerators, and so forth. But in Mexico, car registrations are low while washing machines and refrigerators are still luxuries to most people. Because of their wide use of tile, cement, plaster, they buy less paint than we do. Men's work shoes are big sellers in Sears' stores here. In Mexico work shoes are largely sold at low prices by thousands of custom cobblers.

Sears, therefore, emphasizes soft lines: clothing, home furnishings, supplies of all kinds — items for which it is not particularly distinguished at home. And this brings us to its other mistake.

When the company entered Mexico, it intended first to sell mostly imported merchandise and later develop local sources of supply for its stores. Changing conditions wrecked these assumptions.

The war ended, and so did the Mexican boom. The peso fell within two years from 4.86 to the dollar to 8.65. Mexico's dollar balance shrank. Embargoes stopped imports until duties could be increased. After less than a year in Mexico, Sears faced a difficult situation.

Cut off from American imports, it had to procure a wide range of merchandise from local suppliers. They were natively skillful. But local suppliers had neither the machinery, experience, nor money with which to handle an unaccustomed volume of business. Recently there has been a sharp increase in Mexican manufacture by foreign and domestic companies. Little of it, however, is devoted to the soft lines that Sears wanted to feature. In this area Mexico is largely a handicrafts nation with small factories employing up to 50 men, many only two or three. To meet this problem Sears sent its men hunting for suppliers.

Take clothing manufactures, for example, the most numerous of the Sears sources. Typical of the company's procedure are these cases:

A Sears buyer found a woman who had two machines. The company lent her money with which to buy more and the loan was repaid





ABNER  
DEAN

DON'T BOTHER TO  
SET ANY MORE  
TRAPS, MISTER.  
YOUR ELECTRIC  
WIRES ARE SO  
OVERLOADED—  
THE WHOLE  
HOUSE IS A  
FIRETRAP!

Recent surveys show that the electric wires in many homes are dangerously overloaded. And overloaded wires can set your house on fire. How can you guard against this hidden hazard? First, use only safe (15 ampere) fuses. Putting in heavier fuses to keep safe fuses from blowing creates a perilous condition. Second, don't plug an air conditioner or other heavy-duty appliance in any ordinary household outlet. Check with your electrician first.

*This advertisement is one of a series in the interest of fire prevention.*

*Reprints will be furnished without charge upon request.*



## ÆTNA INSURANCE GROUP

ÆTNA INSURANCE COMPANY • THE WORLD FIRE AND MARINE INSURANCE CO.  
THE CENTURY INDEMNITY COMPANY • STANDARD INSURANCE CO. OF N. Y.  
HARTFORD, CONNECTICUT

DON'T GUESS ABOUT INSURANCE—CONSULT YOUR AGENT OR BROKER

### Man who knows the answers

So many things have a bearing on your insurance needs. For example: buying a house or remodeling it—adding to your household possessions—your children growing up—taking a trip—buying a boat—playing golf—or even acquiring a dog. It isn't easy for the average man to know which policies give him the necessary coverage, or what to do in event of loss. But there is a man who knows the answers. Your local agent.

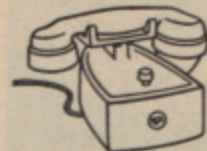
*Follow these time-tested rules:—*

**CONSULT YOUR AGENT OR BROKER  
THINK FIRST OF THE ÆTNA**



# New Time-Saver for Busy Businessmen

**"Direct  
-Wire"  
RCA  
DUO-  
COM**



Here's the new two-station intercom that pays its way every working hour—by saving unnecessary steps—by cutting interoffice confusion.

If your job involves frequent contact with your secretary . . . your partner or associate . . . stockroom or file room . . . service shop or superintendent's office . . . barn or poultry house . . . you need RCA Duo-Com.

With Duo-Com, you just push a button, and you're in contact with your party. It's as easy to use as your telephone—faster than any phone service you've ever seen.

Check Low-cost RCA Duo-Com at your local RCA Electronics Distributor's, or mail coupon for descriptive literature.



## RADIO CORPORATION of AMERICA

Radio Corporation of America  
Dept. E249, Building 15-1, Camden, N.J.  
Please send me information on RCA  
Duo-Com intercom.

Name \_\_\_\_\_

Address \_\_\_\_\_

City \_\_\_\_\_ Zone \_\_\_\_\_ State \_\_\_\_\_

through deductions from invoices, according to an agreed schedule. Today this woman has 18 machines producing children's dresses, swimwear and pajamas.

Another woman knew the knitwear business. Sears financed her purchase of machinery and sent her to Chicago to visit factories. Now she is a leading underwear manufacturer in Mexico.

Seeking to lower ready-to-wear prices, Sears has put the business on a local basis. An imported cotton dress selling for 135 pesos can be made locally out of local material to sell for 50 pesos. This benefits consumers, dressmakers, textile mills.

Sears has brought its Chicago production men to Mexico to work with suppliers on plant layout, materials flow, and to introduce other cost-cutting methods. The company also has sent suppliers to New York where they get models and patterns for small fees. By helping them reduce prices and introduce new styles, Sears has increased its ready-to-wear business to four or five times its initial volume. But since its suppliers also sell to competing merchants, the benefits of its teaching extend to others.

This may be seen clearly in Mexico City, where sales of piece goods are decreasing while ready-to-wear sales are increasing. When Sears opened its store, there were four small dress shops near it. Now there are more than 50. Shops in the vicinity that once rented for 250 pesos a month now bring 1,200 pesos.

Accustomed to dealing with manufacturing giants at home, in Mexico Sears does business with hundreds of small suppliers. It has, for example, raised one of its shoe sources in three years from a production of 14 pairs a week to 60 pairs daily. Production will soon become 90 pairs daily on machines Sears is helping to finance.

A stove factory, wholly Mexican, started in 1946 with 40 workers. Making gas stoves of Sears designs it now has 405 employees. One of its furniture suppliers has come up from seven employees to 50, another from four to 60. Sears aids suppliers in many ways, but markedly by advancing up to 50 per cent of the money for goods ordered and paying the balance promptly on delivery. In a country where interest rates are high, working capital scarce, these factors have greatly stimulated suppliers to higher production.

Six years after it was cut off from imports, it has achieved some remarkable results: It buys in Mexico no less than 80 per cent of the merchandise it sells there, merchandise

coming from 1,300 suppliers. This has meant great encouragement to local enterprise, employment of more people, distribution of goods to larger segments of the public, benefits to consumers, competitors and the whole Mexican economy.

In other fields the company has followed an enlightened policy. Far from seeking labor at the lowest rates possible, it pays its employees well, pays overtime, grants merit raises and other increases to keep pace with the cost of living. Salespeople get a base salary plus a commission on their sales with the result that some salesgirls, selling higher-priced items such as furniture, are among the highest paid businesswomen in Mexico.

Another innovation, with important long-range effects, is that Sears' Mexican employees are members of its profit-sharing plan. Employees contribute to a retirement fund which is more than matched by contributions from the profits of the Mexican stores. The present ratio of employee deposits is one to 3.48. Ninety-five per cent of the employees have joined.

Sears also pays a doctor and nurses who dispense treatment and medicines to employees. And since salespeople stand all day, the company engages a chiropodist for employees. His treatment evoked the joyful gratitude of one girl.

"I didn't know there were such people in the world," she told the store manager. "Until now my feet have always hurt. I've never even been able to dance."

Catering further to employee well-being, Sears runs a restaurant in its Mexico City store and another at the warehouse. These restaurants are run at a slight loss, but they save working time and contribute to employees' health and vigor.

**FOR** these reasons Sears rates high with labor. It not only has no labor troubles, but its employees are the envy of other working people. Surveys show that Sears is high up on the preferred list for jobs in Mexico.

Display advertising in Mexican newspapers was a rarity until Sears introduced it. The practice at first horrified competitors. Their custom, as in the United States of a century ago, had been to publish small notices saying that they had just received shipments of merchandise from abroad and would the public be kind enough to come and see them. But competitors are now beginning to use display advertising.

In the European manner, Mexican stores draw steel shutters at closing. Sears, however, introduced day and night (lighted) window displays so



that people could window-shop. Competitors are cautiously following suit.

The behavior of Sears in Mexico is of immense importance to the United States in its leadership of the free world. One of this country's corporations abroad may easily—often without intention—dislocate cultural patterns, drain off wealth to the homeland, or appear arrogant to the local population.

On the other hand, a company may succeed for itself and at the same time contribute many fine things to other countries. When a foreign firm can promote the economic and social development of a country, it not only receives the approval of the people and their government, it refutes the communist story that United States capitalism seeks only to exploit foreigners.

**WE** HEAR something these days of foreign hostility to United States capital abroad. Certainly capital that goes abroad without management—as it often did in the early '20's—is a poor risk. Capital that behaves badly, without regard to the interests of its host country, is likely to become a poor risk. But capital which goes abroad with management that is enlightened, constructive, and mindful of the interests of its host, not only succeeds in the sense of a reasonable return but it also obtains the surest guarantee that it will not become subject to abnormal risks.

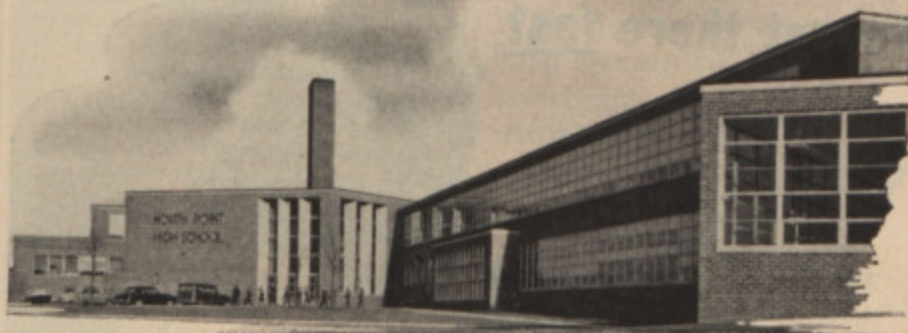
Sears of Mexico is, therefore, a compelling demonstration of how to behave abroad. Many firms have long conducted themselves in a similar manner.

Others contemplating foreign expansion will be sure to learn from their example. The world needs private United States investment overseas, just as we have enormously increased needs for foreign raw materials.

And as our enterprisers abroad take technical skills to others, create new instrumentalities of production and new wealth, they not only strengthen other countries against communism but add to the volume of international trade.

In the broadest sense, then, Sears of Mexico, by hard work, ingenuity, flexibility, skill, and sensitivity toward the local populace, has gained a secure place in the Mexican economy, demonstrated that private enterprise can fruitfully discharge Point Four functions, and has added to the fund of good will without which we cannot survive.

This again proves that there is little our businessmen cannot do. They need only to imagine the necessity. **END**



## The little red schoolhouse is grown up now!

Most of the "little red schoolhouses" have had to be expanded or replaced to meet the problem of ever-rising enrollments.

A shortage of almost half a million schoolrooms has challenged the construction industry. This challenge has been met by construction of new schools and by enlarging present facilities.

Through surety bonds which guarantee performance of the construc-

tion contract, U. S. F. & G. has helped make thousands of school buildings possible. In addition, community investments in schools throughout the United States and Canada are protected by a variety of insurance coverages.

Whether you help build schools as a contractor or help finance them as a taxpayer, you will find U. S. F. & G. coverages for your business or individual needs.



Over ten thousand agents . . . there's one in your community. Consult him as you would your doctor or lawyer.

# U.S.F. & G.

CASUALTY-FIRE  
INSURANCE

FIDELITY-SURETY  
BONDS

United States Fidelity & Guaranty Company, Baltimore 3, Md.  
Fidelity Insurance Company of Canada, Toronto



When you want  
your message



to get there fast



and get  
things  
moving

that's the time  
for Telegrams

when it means business

it's wise  
to wire

**WESTERN UNION**

## Letters to the Editor

(Continued from page 10)

all economic figure a sound one" leads me to wonder if Mr. Greene took into account the cost of providing, maintaining and operating the waterway channels—a cost borne by the taxpayers without reimbursement from the users of the waterways—or if he had in mind merely such direct costs as loading, moving and unloading the vessels which operate over the waterways.

There is no published information as to vessel costs but information is available on the cost to the public of building and maintaining the channels on which the vessels move, and it seems obvious that such costs are a part, even though a part usually ignored, of the "over-all economic figure" at which freight is moved.

It is only by leaving out of account these hidden costs to the taxpayers in providing and maintaining the waterways that it is possible to make most inland waterway transportation appear cheap.

ROBERT S. HENRY  
Vice President  
Association of American Railroads  
Washington, D. C.

### Dog-eared protection

In NATION'S BUSINESS for October, 1951, you had an article "You Are Richer Than You Think" by J. K. Lasser and Walter Ross. I clipped the article.

I have lent this article out so many times that my copy is very dog-eared. At least a dozen more want it. It stays out so long when I lend it I am afraid it will be lost and I want to keep it on file with my insurance so the children can see what to do if and when something overtakes us. I also would like to have a few copies to give or lend to the numerous ones who ask me.

MRS. MARTIN C. MILLER  
Winnemucca, Nev.

### Boiled shirt, no necktie

In March Mr. Duffus wondered what became of the old-fashioned man who used to wear a boiled shirt, collar button and no necktie.

Lest he be missed by posterity, the state of Idaho erected a large statue of him, and placed it right in front of the capitol building at Boise. In the governor's private office is a large oil painting of him. His collarless, tieless shirt is the setting for a huge diamond studded collar button. On both the statue and fine oil painting, the conspicuous feature is the boiled shirt, diamond collar button, and no necktie.

Frank Stunenberg was the fourth governor of Idaho. He served from 1896 to 1900. He brought with him from Iowa some unusual religious beliefs and customs.

History and old-timers' tales tell that his religion forbade him to wear colorful decorations such as neckties, which seemed only adornment. There-



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Specify**



**Unit Air  
Conditioners**

Whether you operate a store, restaurant, office or workshop—whether you need a remote system with ducts or a unit by itself—you'll get more cooling per dollar with a Frick conditioner.

Because Frick units have larger cooling surfaces, water-cooled motors, sturdier cabinets, and insulated condensers—among twenty other features. All clearly shown in Bulletin 522: get your copy from the nearest Frick Distributor, or by writing to

Frick Units are built in 3, 5, and 7½ hp. sizes. There's one to fit your needs.

**FRICK Co.**  
DEPENDABLE REFRIGERATION SINCE 1892  
WAYNESBORO, PENNA. U.S.A.



your headquarters  
in **St. Louis**

HOTELS **Mayfair**  
**Wennox** ST. LOUIS  
TELETYPE SL 139



fore he wore only the demountable rim type of shirt band and the front collar button was set with a large diamond. He rationalized that it was an article of strategic utility. The fact that it contained a blazing gem was coincidental and not to be construed as vainglorious decoration or ornamentation.

While in office he encouraged legislation which did not suit some of his enemies in a mining organization. As he was returning to his home in Caldwell, Idaho, in December, 1905, he opened his front gate and thereby set off a bomb which killed him instantly. The confessed and convicted assassin is still serving time in the Idaho Penitentiary.

DR. M. I. HIGGINS  
Coeur d'Alene, Idaho

#### Simpler tax system

Your recent article on "Tax Timing" appears to be based on the time of payment for goods or services.

The tax structure is too complicated for most people, because they are busy making a living. Few earn theirs by studying taxes, so an honestly simple system is essential.

The only time a value exists is when one party buys or sells goods or services from or to another party.

The price paid is the measure of the value, at which time the tax should be paid. After that, one should not pay another tax on the same thing merely because of the calendar. When one buys professional service he does not continue to pay annually. When one buys a "tangible" thing and pays for it and its tax at the same time, there should be no future tax on it by the newest or latest owner, because such a tax arbitrarily assumes that he buys from himself annually everything he ever bought. There is no such thing as a probable or "market" value for everything that has been purchased because most of it may never be for sale. It takes on a value only for and at the moment it is sold again.

Adopting a "simple" tax that all can readily understand would mean much less juggling, confusion or hiding.

Every transaction requires at least two parties, thus insuring more intelligent and honest trading of goods and services. When both parties are made responsible to see that the duty of paying the public tax is theirs, more care will be taken as hardly anyone will allow himself to be a party or witness to obvious wrong doing.

As to collecting the tax, "tax receipt stamps" may be issued by taxing bodies to suit public convenience.

Values are determined by supply and demand, and are true. Rates may be determined to fit the pay-as-you-go custom.

Tax stamps can be canceled or destroyed when payments are made, leaving no dismal questions and folks may go about their business happily and free.

E. P. CHRISTIE  
Utica, Nebr.

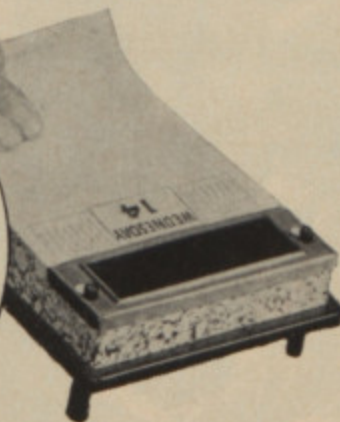


**"Why Thursday?  
Ship B&O TIME-SAVER,  
and get it here  
Wednesday!"**

• Speed means money to the man waiting for important merchandise—and Baltimore & Ohio's Time-Saver Service on less-carload freight is not only speedy but also *dependable*.

It saves 1/3 or more shipping time, and offers dependability made famous by B&O's well-known Sentinel Service for carload freight.

Time-Saver Service is of utmost value to receivers, who can make plans and time promotions with confidence. There's extra advantage for *your* business through use of the Time-Saver. *Ask our man!*



**Baltimore & Ohio Railroad**

**Constantly *doing things*—better!**



## Chamber Colleges Build Better Towns

(Continued from page 33)

courses for trade association executives. Some don't.

But basically the course at all Institutes now consists of three annual one-week sessions qualifying for a certificate of achievement.

That certificate is not lightly earned. Training begins with a thorough grounding in the fundamentals: what a chamber of commerce is, what it is supposed to do and how it functions. Instructors explain the principles and practices of chamber operation.

Courses in methods of financing, maintenance of adequate membership support, committee management, retail trade promotion, industrial expansion, handling of tourists and conventions, civic affairs, and agricultural activities add reams of scrawled notes to bulging notebooks.

And on the last day, the freshman takes a stiff yes-or-no examination on the subjects covered.

Two and three-timers get courses in letter writing, public speaking, practical psychology and economics. Their understanding of what they learned must be solid enough to pass an exam board.

Two or three in every 100 students

flunk each year—"usually the ones who thought it was just a sleighride" says John Soltman, U. S. Chamber division manager in New York City who manages Northeastern Institute at Yale. Make-up exams are permitted, usually, though by no means invariably, with a happy ending.

The idea is to make sure that the certificate means something, and the sifting works both ways. Students also evaluate their instructors and those rated too dull or too watery are not asked back the next year.

Instructors are a varied crew. Some are professors from the schools where the Institutes are held. Others are men with years of practical experience in chamber management. Always the emphasis is on the practical rather than the theoretical—and an instructor who tries to present theory as an answer to practical problems is in for a bad time. The class set-up allots a generous portion of the time to round-table discussion and always somebody in the class has tried the theory and found that it didn't work.

Among the instructors at one Institute last year was Dr. Emerson P. Schmidt, U. S. Chamber economist, hammering home the theme that eco-

nomics is not a sacred-cow set of principles but a technique of analysis with crisp application to problems such as inflation and different slants on wages as viewed by unions and management.

George Cline Smith, Jr., then with the U. S. Chamber finance department, was on hand to encourage a healthy realism about statistics.

Yale's School of Traffic supplies crack lecturers on off-street parking, pedestrian control and the dozen other angles of this thorny problem.

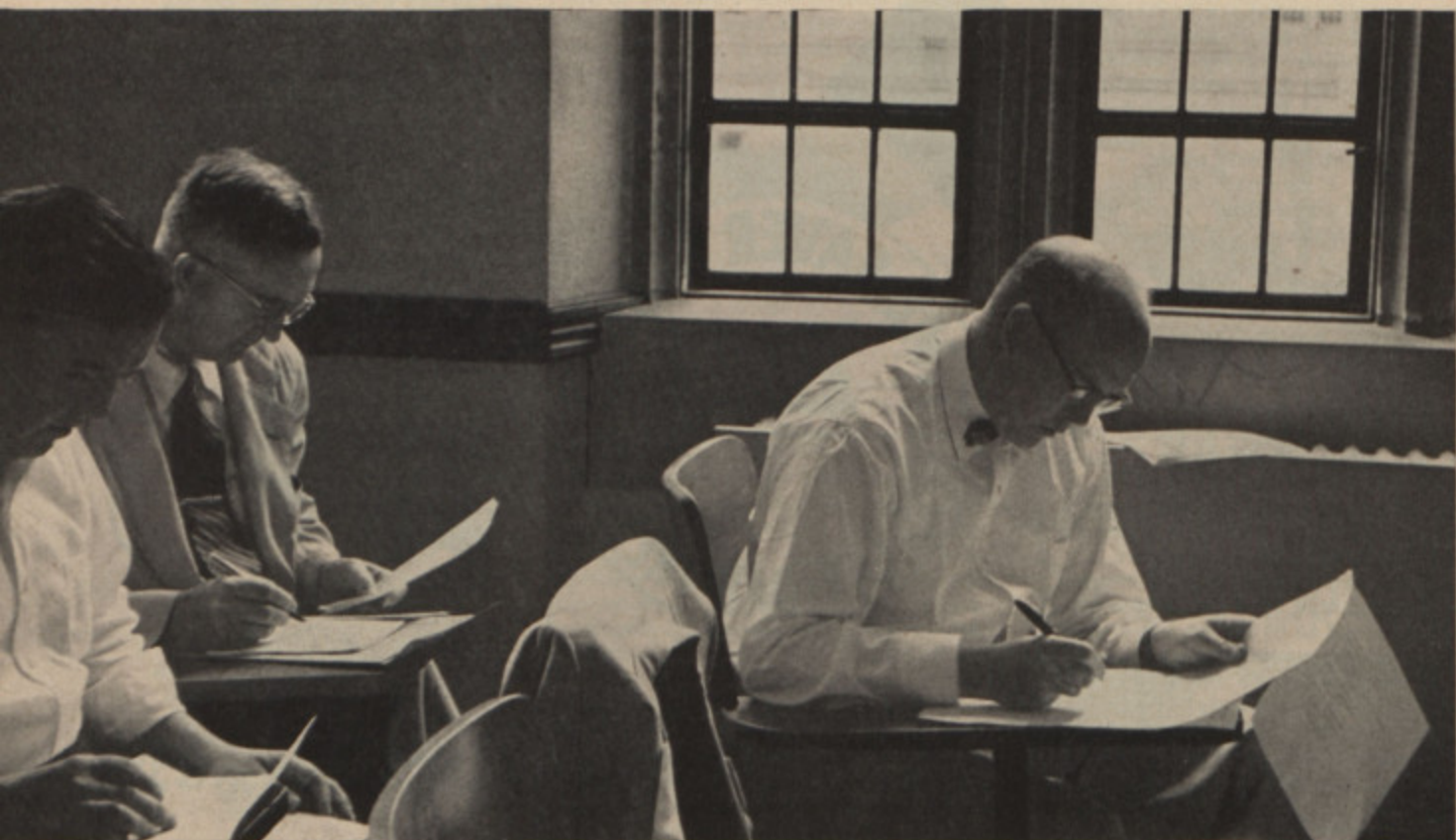
Jim Winn, of Woonsocket, R. I., sits in as a student when not teaching his own class on "Meetings and Committee Management."

Miss Minnie Westcott, of the Venetian Blind Association of America, one of the few women instructors, has a course on "Sources of Information" which students say is a honey.

For second and third year students the public speaking class provides instruction aimed at improving deliveries of speakers and providing greater pleasure for future audiences. As conducted at one Institute by Arthur H. Myer of the New Jersey State Chamber the class supplements public speaking theory with example. Students get up and talk, exposing their mannerisms and speech habits to ruthless yet constructive criticism.

"I am secretary of the Chamber of Commerce of Clamshell, La.," a

*Every year final exams trip a few who thought the course was a "sleighride." Those who pass win diplomas*





speaker says hesitantly, and the teacher inquires biting, "Aren't you sure yet?" Imitations show the uh-starter, the elbow-flapper, the hand-washer and the belt-line scratcher the errors of their ways.

But even without instructors, the students say, the Institutes would be worth the cost, simply because of what they can learn from each other. The schedule is arranged to pump ideas from everybody—student or teacher—into the common pot.

At 3 o'clock each day the whole student body assembles in a big lecture hall for a round-table discussion run by someone with a knack for directing discussion.

In demand for this spot is Dwight B. Havens of the U. S. Chamber's staff who can insult, plead, inspire, suggest until even the most reticent contributes something.

"Jake, what did you do in Nevada?"

Jake explains and is pounced on by five colleagues who tried it and found it didn't work for them.

"How does Bridgeport, Conn., handle its Career Days to interest high school kids in Bridgeport jobs?"

"Do breakfasts pan out better than lunch or dinner for promotional get-togethers?"

"What about delinquent dues?"

Suggestions pop like corn.

More quietly informative is the idea-cafeteria—an exhibit table loaded with a stimulating variety of printed material developed for tourist promotion, solicitor control devices, membership come-ons, or pamphlets on handling shoplifters.

At one recent Institute, a student noted six especially good membership directories, wrote for samples of each, then took them into a conference with his local printer. Result was a super-directory combining the best features—a layout that would have taken him ten years to dream up by trial and error.

Perhaps most stimulating and helpful of all are the contacts. After attending an Institute a chamber man aiming an inquiry at a colleague anywhere in his section of the nation can start his letter "Dear Butch..." and know that, at the receiving end, he has a friend who recalls their talk at the Institute. All those who have attended agree that, for getting to know colleagues, an Institute is superior to the standard convention. Institutes afford more time, less distraction.

Swapping of ideas, angles and experience goes on all the time. Everyone profits from the discussion at meals which everybody eats together three times a day. Between classes shop talk flares briskly



*New!*

Personal touch through TTT\*...

*New!*

Diamond Set margins...

*New!*

A wide choice of type styles...

*New!*

Color control keyboard...

\*Triple Touch Tuning

*Something Really New!*



Meet the *New* **Underwood 150** ★

**sweeps all comparison aside!**

*New from every angle*... as smartly styled as the latest fashions... the New 150 has *everything* you've ever looked for in typing efficiency:

**A NEW touch that's "Personally Yours" through Triple Touch Tuning**

**NEW Diamond Set Margins**

**NEWLY designed front scale for direct reading**  
... instant margin and tab setting

**NEW beauty in rich color combination**

**NEWLY designed keyboard with colored feature keys**

**A NEW wide choice of type styles to "Personalize" your letters**

You'll get the typing thrill of your life when you use the new Underwood 150... the writing machine that sweeps all comparison aside.

Try this new sensation in accurate, smooth, easy typing... the **NEW UNDERWOOD MODEL 150**... in *your own office, on your own work*. Get in touch *today* with your local Underwood Representative, listed in the Classified Directory.

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## DID YOU KNOW...

that you can best determine your insurance needs—both on buildings and personal property—by figuring what it would cost to replace your property at today's prices, less depreciation? This is their insurable value. Your Phoenix of Hartford agent can advise you on how to secure the information you need.

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*Executive Office: Hartford 15, Connecticut*

## 1854 CENTENNIAL 1954

in shifting groups. At nights five or six gather in a dormitory room, feet up and hair down, kicking thoughts around:

"I managed to get next to the local paper and . . . We think pretty well of this Welcome Wagon deal. . . . Our retailers were mighty red-headed about those oneway streets the first year. . . . That come-to-town-on Christmas thing worked so well we had to drop it—the fire department squawked because it couldn't get through the traffic. . . ."

Each night the student is in a different group. By week end his pockets are full of scrawled notes

in the afternoon. They went home with a better understanding of their duties as chamber officers.

Programs for wives also are common. Southwestern featured its wives' activities last year with special entertainment and discussions of the role of a chamber wife.

Twenty-nine wives, plus 11 offspring, attended Northeastern last year and Peter Bolhouse, of Newport, R. I., won double distinction as the youngest instituter—one year—and probably the only person ever to dine in Yale's Silliman Hall in a high chair.

Northeastern provides dormitory

### THE INSTITUTE SCHEDULE FOR 1954

**SOUTHEASTERN** *June 20-26, University of North Carolina, Chapel Hill*

**NATIONAL** *June 27-July 3, Downtown Campus, Northwestern University, Chicago*

**WESTERN** *July 11-17, Stanford University, Palo Alto, Calif.*

**ROCKY MOUNTAIN** *July 11-17, Montana State University, Missoula*

**SOUTHWESTERN** *July 18-24, Adolphus Hotel, Dallas, Texas*

**NORTHEASTERN** *Aug. 1-7, Yale University, New Haven, Conn.*

that will mean action when he gets back home.

Sitting in on these informal talks are usually several men who completed the course years ago and have certificates to prove it. They come back year after year—one Institute last year had 50, some with records of never having missed an Institute.

These old-timers learn at the bull-sessions, too, but they also sit in on the daily management conferences for post-graduates where they take the floor to thresh out tough problems in chamber work.

National Institute recognized the need for an incentive to hold the graduates' interest in 1950 and set up an Advanced Workshop Seminar. Southwestern, Southeastern, Northeastern and Western have arranged similar programs.

Managements constantly try other features, too, to extend the usefulness of the schools. Southwestern last year featured a Presidents' Day on which presidents of chambers of commerce were invited. They went to the regular classes in the morning, lunched with the students at noon and had a special class of their own

space for wives, along with special classes and activities. They also are welcome to join their husbands in class if so minded.

But wives who make the trip expecting a gay vacation won't like it. Such functions as are held end early, and the man who turns in his examination paper on Saturday and shows up to load the family in the car will probably be a fellow she hasn't seen in a week.

The men and women who have gone to the Institutes have become more proficient in their work and this increased efficiency has made itself felt in their organizations.

Institute attendance, and especially possession of a certificate, has become a mark of distinction. The boards of directors of many chambers of commerce have come to recognize the value of Institute training by providing for their managers to attend regularly, while the chamber executive applying for a new position finds that Institute attendance is a genuine asset.

At no other place can a person learn so much about chamber management.

END



## This Is Foreign Trade at Work

(Continued from page 39)

Indiana, Ohio, Missouri, and Minnesota. American exports of cotton goods to Cuba are a definite help to this industry in New England and the South.

In 1952 Cuba cultivated 1,326,000 acres to provide sugar for Americans. In the same year, American farmers had to utilize 1,478,000 acres to produce the pork and lard, rice, wheat and flour, beans and peas, cotton, dairy products, barley and malt, eggs, fruits, oats and oatmeal, corn and corn products, and truck crops exported to Cuba. American farm products sent to Cuba required more crop land than was under cultivation in any one of the six New England states.

A little more than every fourth spoonful of sugar consumed in the United States—where the per capita consumption is 100 pounds a year—comes from the Cuban cane fields. A little more than every fourth dollar of Cuban per capita income, one of the highest in Latin America, is spent on goods from the U.S.A.

In 1952 Americans bought \$438,000,000 in Cuban products, chiefly sugar. In the same year, Cubans bought \$516,000,000 worth of American goods. Little Cuba, with only 6,000,000 population, proved to be our sixth most important foreign customer, providing jobs for more than 86,000 workers in the United States.

Just as the two cities, Cedar Rapids and Cardenas, are only a small, but important, part of the United States-Cuba story, so the United States-Cuba story is only a small, but important, part of the over-all United States-world trade volume.

In 1952 Uncle Sam exported \$15,200,000,000 worth of products, providing jobs, according to the Department of Commerce, for 3,126,000 Americans. In 1952 Uncle Sam imported \$10,700,000,000 worth, and these imports provided 1,250,000 more jobs in the U.S.A.

Together, our exports and imports in a single year created 4,376,000 jobs in this country.

This is an impressive figure, and it strikes home when you stop to think in terms of Cedar Rapids again. Cedar Rapids employs 41,000 workers of all kinds. It takes the annual output of all the workers in 106 cities the size of Cedar Rapids to handle America's foreign trade. The export-import figures strike home—every American home!

END



## to better location for chemical plants

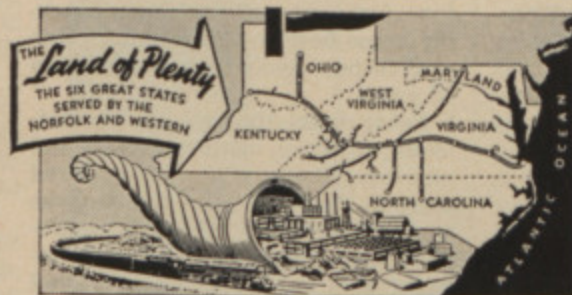
For sound, profitable plant location, try this solution:

- Adequate power and industrial water
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- The world's richest, all purpose Bituminous Coal
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- Ample room to grow
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These elements—solid, compelling industrial advantages—are yours in the Land of Plenty. If you have a new chemical plant in sight, let the Norfolk and Western's Industrial and Agricultural Department give you the whole story. The facts are yours for the asking—without obligation, without pressure, reliably, and in confidence.

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YOUR TRAFFIC MANAGER is a specialist in transportation, which is a major factor in plant location. Consult him about good plant location.

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# Everything goes in a box



Steel lift vans  
that will hold  
five rooms of  
belongings room  
the world like  
trampsteamers

By NORMAN KUHNE

**N**OT long ago Clarence Aspinwall, president of the Security Storage Company in Washington, received a telephone call from a consular official in San Francisco. The diplomat, then on vacation, had been transferred from Trieste to Tokyo and was en route to his new post.

His household goods in Trieste, crated for shipment, were so much larger than the government allowance that he would have to pay \$2,800 excess freight and handling charges.

Mr. Aspinwall, whose 62 years in the business establishes him as the dean of international household goods movers, consulted a map of the world which hangs in his office. He noted that two of the colored pins which dot the map were centered on Vienna.

That meant that two of his company's world-wide fleet of steel lift vans were then in the Austrian capital and could easily be moved to Trieste, loaded with the consul's belongings and forwarded to Tokyo. By eliminating crating, the bulk would be well within the government limit, thus saving the consul nearly a quarter of a year's pay.

Since it was established in 1890, this moving company has been handling jobs of similar scope all over the world, serving diplomats, military personnel and businessmen.

Anyone almost any place in the world can have his belongings transported by this service. The organization has agencies in every major capital and commercial center outside the Iron Curtain.

The gimmick in the far-flung oper-

ation is a fleet of 134 steel lift vans. These containers, each holding the contents of an average five-room house, are roughly one third the size of a freight car, but have no wheels. Movers normally figure crating adds about 50 per cent to the bulk of furniture. These vans increase the bulk only about nine per cent, thus accounting for freight savings, since cost is based on space taken aboard ship.

The vans traverse the globe in much the manner of tramp steamers, going wherever there is cargo. They have been hauled on blue ribbon liners, trains, trucks, and pulled by camel in the Middle East, by oxen in India, and even by coolie labor.

The log of van 25, picked at random, shows a move from Washington to Santiago, Chile, with a diplomat's belongings. From there it went to Vienna with like cargo, thence to Pakistan. In less than four years this particular container was shipped to five continents without once touching home base in Washington. One van has been away from Washington 18 years.

Being metal, the vans afford maximum protection against damage and pilferage. Once, on a camel-powered move in the Middle East, a van was parked overnight. While the settlement slept, bandits set upon the container with crowbars. They labored for hours before they were able to break open the locking mechanism, only to be deprived of most of their loot when daybreak routed them. They scored the only successful attempt to pilfer one of the steel vans.

The roster of Security customers

reads like a Who's Who of internationally important persons. The names of Winthrop Aldrich, our ambassador to London, and C. Douglas Dillon, ambassador to Paris, were added to the list last year. Three generations of the MacVeagh family have been moved by Security, the latest being Lincoln MacVeagh, recent ambassador to Spain.

When Andrew Mellon was appointed ambassador to Great Britain under President Hoover, he called on the firm to handle his precious oil paintings. Later the treasures were returned, also in metal vans, and now make up the nucleus of the National Gallery of Art in Washington.

A big customer was a one-time ambassador to Poland. He moved furniture enough for 25 average rooms. Another large order came to move furniture for 40 average rooms from Berlin to New York.

When the firm got into the moving business in the 1890's it was obvious that Washington even then had considerable international traffic. So Clarence Aspinwall, who started as clerk and worked up to president of Security, went to Europe, Asia, Africa and South America to line up qualified agents. Faced with packing problems in some of the underdeveloped nations, where standards were lower than our own, Mr. Aspinwall established a correspondence course for his agents on packing and loading. He prepared a booklet, which is supplemented by special bulletins as improved methods are developed.

Mr. Aspinwall noted that Euro-



pean movers used wooden van cases which cut down container bulk as compared with ordinary boxes or crating. He decided he could improve on the European plan by making vans out of steel. Hooks were anchored in the roof beams to make the boxes easier to lift on and off ships and railway cars. Final blueprints were prepared and the American Car and Foundry Company began building the steel vans.

Security used to list three losses from its fleet. One was sunk with a torpedoed ship off the coast of South America, one was lost in China, and the other in a fire in Vancouver.

After the war, when the company re-established its agency in Shanghai, a curious official inquired about the fate of a van left before the war at Hankow. It was still there, riddled with bullet holes, but otherwise in good condition. It was shipped to Shanghai, where the holes were welded. Now the van is back in service.

The van lost in the Vancouver fire showed up one day on a truck in Washington. Investigation disclosed that a diplomat, ordered to Tripoli, had inquired about steel vans at a local warehouse. The only one in Vancouver, he learned, had been through a fire, was beat up and unserviceable. Could he look at it? Yes, and he found the van sound despite its blackened condition. The company leased it to him for the move to Tripoli. From there it went to Salonika, then to Copenhagen, and a Dane coming to the United States brought it back to Washington. Having no storage facilities, he returned it to its original owners, who now have it back in service.

International migration usually keeps the vans on the go. Each one averages about three moves a year. But they don't always arrive at the right place at the right time to get a return load immediately. Once a consul was moved to Dar es Salaam in East Africa. Waiting for a return load, the van remained for two years—until the same consul moved to Port Elizabeth in the Union of South Africa.

More recently there was a shuffle of diplomats in Spain. The company wound up with 12 vans there. Empty vans are hauled to other ports as they are needed.

Shipments to California are the one woe of the company. Many diplomats and service people go there on retirement.

The result is an empty back haul of the van at company expense. This may be the only instance in the industry where a mover has to pay regularly out of pocket for having developed a popular service. **END**

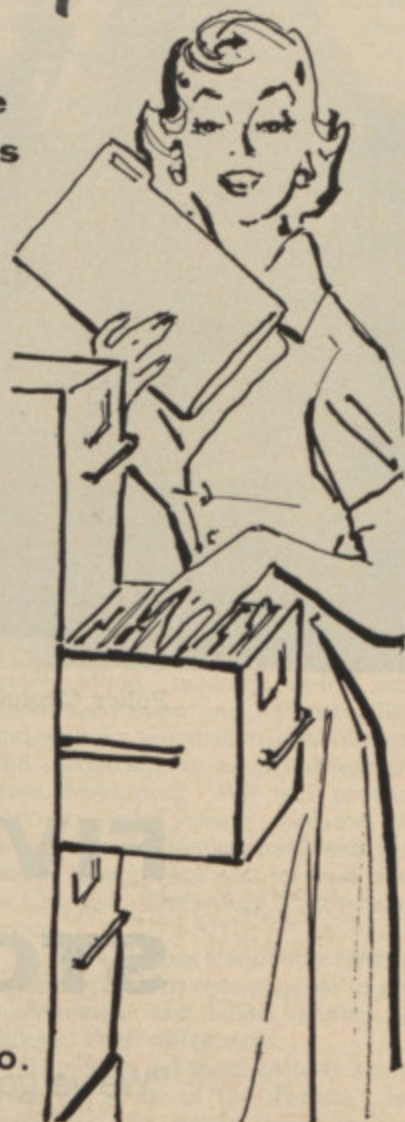
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CHICAGO SUN TIMES

*Police Captain Barnes finds that impartial firmness helps turn boos into agreement*

## FIVE STEPS TO STOP STRIKES

"We've got all the laws we need, if they're only enforced," says a Chicago policeman who has brought peace in 1,000 disputes **By WILLIAM F. McDERMOTT**

THE situation was tense. The picket line marched in close formation. The temper of several hundred milling strikers was rising.

A Chicago police captain jumped on a box and began speaking. Boos and hisses greeted him. Suddenly the shrill voice of a woman rose above the roar.

"How much is the company paying you?" she shouted. The crowd was quiet for a second.

"There you go, lady," the officer grinned. "You're just like my wife. She won't let me get a word in edgewise either."

A wave of laughter, and the tension was broken.

Capt. George T. Barnes, head of the city's unique police labor detail, told the workmen he was not there to

break the strike, nor to interfere with picketing; he would protect them in their rights.

"I'm neither for management nor for labor," he explained, "but I am for the law. It says traffic ways must be kept open; that the police will do. But I'll go further. I'd like to talk to you, find out your grievances, and talk to management and get its views.

"Then I suggest that both sides let me as a neutral get them together and iron this thing out. I'm sure there's a lot of misunderstanding which can be cleared away and a settlement reached. Lost production and lost wages won't do anybody any good."

Calmed, the strikers agreed and leaders appointed a committee to negotiate. The captain got manage-

ment to do the same. He took both to a neutral place for discussion. In 48 hours, an agreement was reached.

Since 1940 Captain Barnes and his seven-man squad have been on the night-and-day job of preserving industrial order in Chicago by heading off strikes wherever possible. Both business and labor credit him with the direct and quick settlement of at least 1,000 actual or impending strikes, some of them involving thousands of men.

The *Journal* of the Illinois Bar Association last summer commended the police official for "having almost completely eliminated industrial violence in Chicago." It said:

"Because of his exactness, fearlessness, fairness, dispatch and impartiality, Captain Barnes is respected by



both management and organized labor and, through his efforts as a mediator, has been instrumental in bringing about fair settlement to hundreds of disputes."

When strikes and disorder paralyzed Chicago in the late 1930's, the Chicago Association of Commerce with other groups took the lead in seeking the establishment of a special police detail to handle labor troubles in the smoldering stage—before violence breaks out, if possible. The baseball-bat murder of a picketed garageman spurred action. The squad was formed in January, 1940.

Labor disputes and strikes still occur in Chicago but there is little violence. Management, labor and the public have learned the laws will be enforced. But when Captain Barnes took over, he needed all the skill and fortitude he had learned as welterweight boxing champion at Camp Grant, Rockford, Ill., during World War I.

In earlier years when pickets and mobs fought the police, he was always in the front line. His glasses have been shattered, his nose bloodied, lips cut, teeth loosened and eyes blackened; his shins bear about as many scars as a totem pole has faces. But he hasn't ducked a battle.

Now 58 and graying, he is still aggressive and enthusiastic about his work.

He tempers the fire of a crusader with much patience, humor and objectivity, and his men are with him as a loyal team.

In its first year the labor detail worked on 300 disputes, settling 75 without strikes being called. One involved an attempt to unionize a one-clerk grocery store; another was a wage controversy affecting 4,000 men. Captain Barnes found that speed is vital—reach the belligerents before they pass from the mood of arbitration to one of revenge and violence.

Captain Barnes settled one strike by dressing like a workman and spending the day with 200 disgruntled employees of a manufacturing plant on a slowdown strike. He delivered a pep talk and the workers agreed to deal with a federal conciliator. Normal production was resumed.

In 1944 he took active part in settling 379 strikes involving 125 unions. He promoted mediation, but at the same time he followed the cardinal rule during the wave of sit-down strikes that workers must work or leave the plant. In one instance he gave 350 employees who had occupied a factory two days and

nights just five minutes to start working or leave; 150 defiantly remained. Captain Barnes called 20 patrol wagons, carted all to jail. Fines were imposed the next day. In 1952 the squad policed 176 industrial disputes, settling most of them. More than 200 industrial disagreements were dealt with in 1953. Either Captain Barnes himself or his officers helped bring about satisfactory settlements in more than half of them.

Captain Barnes has been just as much concerned with labor's interests as with management's. More than once when hired strikebreakers have tried to interfere with legitimate picket lines Captain Barnes and his men have tossed them in jail. He has arrested executives for threatening striking employees with violence.

In a jurisdictional dispute that involved rival unions, he had 25 uniformed police on duty to protect a union's right to distribute its literature. The handbills were given out and no one was hurt. Yet the day before, in a similar situation in another Illinois city, 20 men had been seriously injured in a riot over the literature issue.

An unexpected part of Captain Barnes' job is protecting labor unions from invasion by hoodlums. It's an old trick for gangsters and syndicates to infiltrate a union, get a following, then steal a union election by threats and even murder—planted candidates thus winning offices to be used in robbing union treasuries and blackmailing industry.

Law-abiding elements of unions have frequently appealed to Captain Barnes to supervise their balloting.

"Once I got a call to protect a union election," he says. "We kept two uniformed policemen on duty round-the-clock for three days and nights while members came to vote. It was an honest tabulation without a sign of intimidation."

Captain Barnes by invitation attends an average of 150 union meetings annually, offering help in any trouble or disorder. Labor leaders today say labor is the cleanest in Chicago's history. An attorney for one of the major union organizations asserts that "Chicago has an enviable labor record chiefly because of Captain Barnes' fairness and deep interest in labor-management problems."

A year ago the captain got a tip that three hoodlums were trying to take over a drivers' union. The president of one of the major labor organizations verified the report. All the union officials were put under 24-hour police guard. Captain Barnes

called in the threatening thugs. "One move and you'll be jailed," he told them.

"We broke up the act," he chuckles.

When a congressional committee visited Chicago to investigate industrial conditions hampering war materials production, they asked Captain Barnes if federal laws were needed to help handle strike situations.

"We've got all the laws we need," he said, "if they're only enforced."

He stresses two points: observance of laws and rights of property.

"Most people seem vague when you talk of property rights," he says. "Yet property rights are as old as history. A man or company has free and unfettered rights to his or its property, to the use and enjoyment of it, subject to law. These property rights must be protected. Strikers may have picket lines, but they have no right to interfere with traffic in and out of a plant. Likewise, management has no right to interfere with legitimate picketing."

"The labor detail is, in a sense, a traffic squad, to keep order and traffic ways open; but we go further and seek, by persuasion, conciliation and mediation, to keep lawlessness from developing. We will protect property rights always; violators go to jail. Labor, management and the public have pretty well learned that in Chicago. The result is industrial peace."

Captain Barnes frequently rents a hotel room at his own expense to get management and labor together to talk out their differences.

"It pays to get them entirely away from the scene of the dispute," he explains. "It helps them to see things in a different light and to arbitrate more easily."

Police Commissioner Timothy O'Connor, who supervises all labor detail policies, sees, however, that the captain is partially reimbursed out of the contingent fund.

Captain Barnes has issued a "Manual for Strikes and Labor Controversies" for his own men, the police department in general, and for guidance of other cities asking it. The basic principle is the protection of life and property and maintenance of order. In it he stresses:

Police alone have the right to direct traffic. Outsiders shall not attempt to interfere or assist.

People working in plants, whether a strike is on or not, have the right to enter or leave freely, without injury or threats.

Pickets may talk to anyone going in or out; visit homes to talk to non-strikers, or address them on the



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street. But no one has to listen, and no one can force attentions on another.

Any one desiring to take merchandise into or out of a struck plant may do so without interference or injury.

Peaceful picketing is legal, but intimidation is lawlessness. Pickets cannot impede traffic.

When a picket line becomes unruly it is a mob—if five or more persons are involved—and its members are subject to arrest.

Literature may be passed out, but only without hindering traffic. No sound trucks or loud speakers are allowed.

Captain Barnes holds that any city can simplify its labor troubles by fast and competent action. He advocates:

1. Establishment of a police labor detail made up of policemen with patience and determination, first to enforce the law, and then to locate

the causes of disputes and try to iron them out promptly.

2. Constant emphasis on impartiality and justice to both sides. No personal prejudices or opinions to distort objective judgment of a situation.

3. Education of the public, including labor and management, in observance of law and the rights of property.

4. Rigid enforcement of the law under all circumstances.

5. Cooperation with civic agencies in promoting good will between labor and management.

Captain Barnes gives much credit to the Chicago Association of Commerce and Industry for the success of the city's labor detail—and he believes the chambers of commerce in many other cities may be equally successful in helping attain industrial peace.

END

## Nation's Business radio program enters second year

THE Nation's Business radio program has started its second year. The quarter-hour show is on the air in 45 cities over stations that reach a listening potential of 23,000,000 families.

Newest addition to the Nation's Business radio network is station WRUL at Scituate, Mass., which broadcasts by short wave to South America, making it possible for 4,000,000 new listeners to hear the program.

The show is devoted to news of business—what's happening and why. The sponsor is Fairbanks, Morse and Company. In addition to WRUL, the program is broadcast on these stations:

P.M. TIME				P.M. TIME			
CITY	STATION	KC	AND DAY	CITY	STATION	KC	AND DAY
Atlanta, Ga.	WSB	750	7:15 Mon.	Knoxville, Tenn.	WNOX	990	6:30 Tues.
Baltimore, Md.	WBAL	1090	7:15 Mon.	Los Angeles, Calif.	KFI	640	7:45 Mon.
Beloit, Wis.	WGEZ	1490	7:45 Mon.	Louisville, Ky.	WHAS	840	6:30 Mon.
Birmingham, Ala.	WBRC	960	6:15 Mon.	Memphis, Tenn.	WMP5	680	6:30 Mon.
Boston, Mass.	WBZ	1030	8:00 Tues.	Milwaukee, Wis.	WCAN	1250	7:15 Mon.
Buffalo, N. Y.	WBEN	930	7:00 Tues.	New Orleans, La.	WWL	870	6:30 Mon.
Charlotte, N. C.	WBT	1110	7:30 Mon.	New York City	WOR	710	9:05 Tues.
Chicago, Ill.	WGN	720	8:05 Mon.	Omaha, Nebr.	KFAB	1110	6:30 Mon.
Cincinnati, Ohio	WLW	700	10:15 Mon.	Philadelphia, Pa.	WCAU	1210	7:30 Mon.
Cleveland, Ohio	WGAR	1220	7:30 Mon.	Pittsburgh, Pa.	KDKA	1020	6:30 Tues.
Columbus, Ohio	WHKC	610	6:45 Mon.	Pomona, Calif.	KPMO	1600	6:15 Mon.
Dallas, Texas	KRLD	1080	6:30 Mon.	Portland, Ore.	KGW	620	6:45 Mon.
Davenport, Iowa	WOC	1420	6:15 Mon.	Providence, R. I.	WPRO	630	6:30 Mon.
Denver, Colo.	KOA	850	8:30 Mon.	St. Johnsbury, Vt.	WTWN	1340	7:15 Mon.
Des Moines, Iowa	WHO	1040	7:15 Tues.	St. Louis, Mo.	KSD	550	7:15 Tues.
Detroit, Mich.	WWJ	950	6:45 Mon.	St. Paul, Minn.	KSTP	1500	6:15 Mon.
Duluth, Minn.	WDSM	710	8:15 Mon.	Salt Lake City, Utah	KSL	1160	7:30 Tues.
Freeport, Ill.	WFRL	1570	4:15 Mon.	San Francisco, Calif.	KGO	810	6:30 Mon.
Houston, Tex.	KXYZ	1320	7:00 Tues.	Seattle, Wash.	KOMO	1000	6:45 Mon.
Indianapolis, Ind.	WFBM	1260	6:15 Mon.	Stuttgart, Ark.	KWAK	1240	6:30 Mon.
Jacksonville, Fla.	WJAX	930	7:15 Mon.	Tulsa, Okla.	KVOO	1170	6:45 Mon.
Kansas City, Mo.	WDAF	610	6:15 Mon.	Washington, D. C.	WMAL	630	8:15 Mon.



## There Goes the Man Who Cut the Budget

(Continued from page 43)

able to perform any "60-day miracle" of budget balancing, and that it would be a hard, slow pull to the balanced budget goal.

Mr. Dodge later likened the government's financial condition at that time to a "family that had consistently lived well beyond its means." The family, he explained, "had five years of real adversity (growing out of World War II); had only three times in 20 years provided itself with more income than it had spent; had acquired a debt more than four times its yearly income; owed more than a year's income on COD's that would have to be paid for on delivery; normally had about one month's living expenses in the bank; had relatively little margin before reaching a fixed limit on its borrowing; was aware of an impending ten per cent reduction in its income (through automatic tax cuts)—and had no immediate plans for changing its habits."

The old regime hadn't even left Washington when Mr. Dodge began his drive to restore the "family" to economic health. One of the early musts for every Eisenhower cabinet appointee was a session at which Mr. Dodge gave a blueprint for spending reductions in the appointee's agency, pointing out exactly what items he



felt could be cut from the Truman proposals and how soon he'd like the cuts made.

As soon as the Republicans took over, Mr. Dodge slapped a fairly effective freeze on government hiring and construction. Federal buying was sharply curtailed and, with the help of Treasury Secretary George M. Humphrey, Mr. Dodge won large cutbacks in the budget's biggest item—military spending. Federal payrolls, auto fleets, floor space and other expenses all were trimmed.

This striking performance earned Mr. Dodge many compliments, but possibly the highest came from Rep. John Taber, chairman of the House Appropriations Committee and one of Washington's most ardent budget cutters. Said Mr. Taber:

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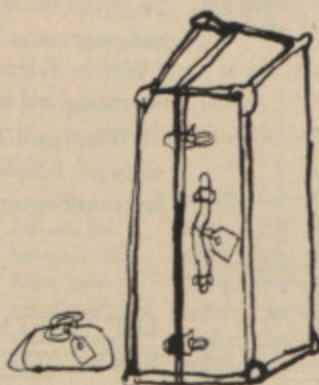
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Mr. Taber reached way back to make his comparison. Charles Gates Dawes and Herbert W. Lord were the Bureau's first two directors, back in the early 1920's. Right from the start, the Bureau has had one big job: to ride herd on spending by government agencies and to prepare the amazingly complex 1,200 page volume which proposes to Congress just how each and every federal dollar should be spent.

Work on the budget that goes to Congress in January starts the preceding May. At that time, the Budget Bureau lays down some general rules on preparing the new budget and assigns each agency an over-all spending ceiling. The agencies submit their detailed spending plans within the framework of these ground rules and ceilings. Budget Bureau examiners go over the plans item by item, allowing some and slashing others. The agencies can appeal these decisions; in any event, the examiners' recommendations are reviewed by top Bureau officials, including the director himself. Some items are raised, many more are lowered still further. All along the way, of course, the figuring is kept in line with administration policy as laid down by the White House.

Finally, the director and the President go over the whole thing, the presses roll and the federal budget—which Mr. Dodge has called an "appalling document"—is ready



for public and congressional scrutiny.

Mr. Taber, who claims he's never seen a budget that couldn't be cut, admits that the Dodge-prepared budget for fiscal 1955 "has less fat in it than any I can recall." People who know Mr. Dodge well say it probably has more "fat" than he wanted, and that he's probably terribly disappointed that the budget isn't neatly and completely balanced.

From the moment he came to Washington, Mr. Dodge showed himself to be a tireless worker with a quick, retentive mind. While he was formal and sometimes almost

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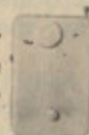


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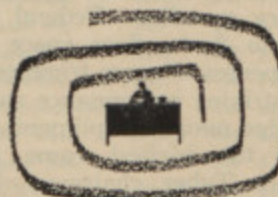
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brusque with most of his staff, he was warm and friendly with his top assistants and with cabinet and congressional associates. One of his most remarked on characteristics was his scrupulous fairness.

One of the first items he cut was the request for funds for his own Bureau. President Truman had asked \$3,700,000 for the Budget Bureau. Mr. Dodge told Congress he'd get by on \$3,412,000. He said he believed that additional Bureau workers would produce savings amounting to many times their salaries, but continued, "I cannot make a substantial variation from what I am insisting other agencies do."

Most of the Dodge economy moves started with "directives"—a type of budget document to which Washington officials have developed a strong immunity. But with Mr. Dodge, the directives were only the beginning.

When he sent out a directive that agencies should be more economical in their use of cars, he followed up with an order that any car driven

Any action which hampers, retards and weakens American industry also hampers, retards and weakens our peace, our progress and our defense.

—Crawford H. Greenewalt

less than a prescribed number of miles a year should be sold. Another directive said too many people were working in government payroll departments. Following this came an order limiting the number of payroll workers in proportion to other workers in each agency.

A directive calling for more economy in the guard service for public buildings was followed by a slash in funds for guards. When Congress voted to make each agency pay its own postage instead of sending mail free, Mr. Dodge told the agencies to absorb the cost out of funds already voted them and not to ask for new appropriations.

He ordered federal agencies to avoid the traditional June buying sprees, aimed at using up unspent appropriations before the close of the fiscal year. He made the order stick with a ruling that any agency violating the order would have the "excessive spending" deducted from its appropriations for the following year.

Mr. Dodge's toughest directive was his secret order to agency heads outlining the policies to be followed in preparing the 1955 budget.

"The situation demands a new determination of what the federal gov-

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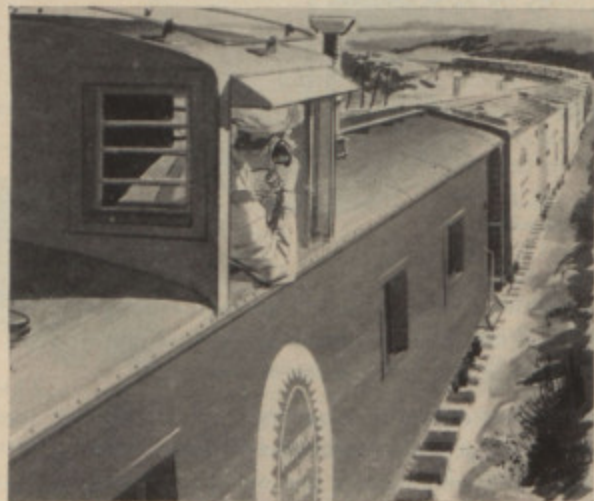
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ernment should be doing and should not be doing," he wrote. "Every possible reduction will have to be made; no saving can be considered too small and no soundly conceived individual reductions too large or too difficult to be attempted."

Then he listed the ways in which this general policy was to be carried out. Further spending cuts should be made throughout fiscal 1954 so that reductions could be continued in fiscal 1955 without "sharp and drastic" changes. Requests for new appropriations must also be lower in fiscal 1955 than in 1954. If a law passed by Congress stands in the way of economy, the agency should recommend that the law be changed or even repealed. The new budget must "reflect the continued withdrawal of the federal government from activities that can be more appropriately carried on in some other way."

Fees and charges for any government services benefiting only limited groups should be increased. No appropriation should be asked to start construction on new public works projects or on new features of going projects, or to resume construction on suspended projects, unless this spending fits within the tight dollar ceiling assigned each agency. Going construction projects should be continued only at "minimum" rates. Maintenance and repair work must be limited to that required for safety and protection against deterioration.

Commitments for loans, mortgage purchases and guarantees and loan insurance should be held down under the same "restrictive budget policies for other types of programs." Loan and mortgage portfolios must be reduced wherever possible. Requirements for operating supplies and equipment must be met to the maximum degree from inventories rather than from new purchases. Excess inventories, property and other assets must be sold or liquidated.

Of course, Mr. Dodge did not see the 1955 budget as the end of the economy drive. He envisioned it, rather, as the start of a constant effort to reduce government spending.

One of the least known men in Washington, Mr. Dodge preferred to exercise his powers without fanfare and from within the administration. While in office, he held only three press conferences. He avoided the press and consistently turned down requests for interviews.

Mr. Dodge's aides at the Bureau had to get used to many quirks. He usually dialed his own phone numbers instead of following the common executive practice of having the secretary put the calls through.





Instead of dictating a lengthy memo to attach to a document that crossed his desk, he'd scribble a note on the document in longhand or even more frequently walk down the hall and dispose of the matter then and there in a talk with the official involved.

"He was liable to turn up anywhere," says one assistant. "He found it quicker to tell you himself than to write it down, and he felt surer of getting his point across."

Mr. Dodge was one of Washington's most inveterate note-takers. His pencil was always busy during conferences. On his desk was a pad on which he kept a running office diary of everything that occurred in the course of his business day.

He put the diary to constant use to check back on himself. For example, last year many lawmakers gave him their views on the forthcoming administration foreign aid bill. When the Bureau was putting the finishing touches on the bill, Mr. Dodge leafed back through the pad, quickly found the briefly noted record of those calls, and made sure that all the congressional suggestions had been taken into account.

Long before nine, he was at the White House or at his office in the Old State Department Building a few steps away, and he didn't leave work until seven or later. He came in Saturdays and Sundays, too—preferring to do that rather than take work home with him.

An intense worker, Mr. Dodge has a tremendous amount of nervous



energy. At important meetings, he'll light a cigarette, take a few puffs, put it out, and in a few seconds light another. When a major problem is on his mind, he likes to stride around his office, look out the window while assistants talk.

He's a perfectionist, too, and will rewrite a major statement many times—usually in longhand. He spent the better part of his three-week vacation last August working on a speech outlining his views on the budget. But when he finished, the speech expressed his thoughts so well that he gave it on three different occasions last fall.

"He has an immensely tidy mind,"



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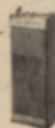


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says one acquaintance. "Clutter has no place there. In fact, he gets a great deal of his relaxation simply by removing the clutter."

No social lion, Mr. Dodge shunned most Washington parties. He doesn't enjoy making small talk with people he doesn't know well. On the other hand, while in Washington he did enjoy small dinners with close friends, such as Treasury Secretary Humphrey and Washington banker Robert W. Fleming.

In his letter of resignation, Mr. Dodge reminded the President that it had been his intention "to resign as soon as practicable after the 1955 budget was presented to the Congress."

He also noted that over the past 11 years he had devoted all or a substantial part of his time each year to government service either at home or abroad.

Some Washington observers were quick to speculate that Mr. Dodge had resigned in protest against the fact that—because of tax cutting—he had not been allowed to achieve his cherished goal of a balanced

budget.

Close associates at the Budget Bureau deny this, however. They emphasize that he always "played on the team."

They say that he might have fought behind the scenes against spending plans or other actions he didn't approve of, but that he was an ardent admirer of President Eisenhower, and if the boss said "this goes in," it went in.

"Mr. Dodge brought a business approach to government," one aide remarked, "but he realized that there are many things you can do in running a business that you can't do in running a government."

Friends also point out that the main reason for the current federal deficit is not failure to cut spending sufficiently, but rather an administration decision to bolster the economy by permitting billions of dollars in tax cuts. Mr. Dodge, they say, participated in the high level decision which cleared the way for the tax reductions even though this action meant continuing the unbalanced budget.

END

## Union Shop vs. Human Rights

(Continued from page 27)

They keep reiterating that the majority rule in labor relations is merely the application of the identical political principle to the operations of industry. That is not, however, what they mean. For as they practice the rule, it aims to eliminate minorities and to make membership in the majority compulsory. Thus the majority rule, as the unions see

it, is one-party rule, a principle of government that stands in sharp contradiction to the accepted political principles of this country.

It is, indeed, highly doubtful that Congress ever intended majority rule to evolve as it has. The Railway Labor Act—and for that matter the Wagner and Taft-Hartley Acts—was not written to grant special privileges to labor unions. The primary pur-



"Does it sound like my insurance will cover it?"



pose was to protect the rights of individuals, to secure the individual's right of self-organization. That was the clear objective of public policy and the law.

Congress failed to take measures to prevent the unions from effectively compromising personal freedom. For, just as the yellow-dog contract inhibited a man's right to join a union, so the closed shop or any other form of compulsory membership prevents him from staying out of a union or from choosing to join one or another of several competing unions.

Similarly, it could not have been Congress' intention to adopt policies and legislation which paved the way for the creation of exclusive private monopolies. Yet this is what has already happened in many industries, where the equivalent of compulsory membership has been achieved by force. It is what threatens to happen in most other industries if the legalization of compulsory membership is allowed to stand unchallenged and unchanged.

Public opinion and public policy in this country have traditionally and correctly been antimonopoly. It is time to direct attention to the latest type of monopoly—the creation of public policy and legislation.

These, in brief, are the essential issues of the Santa Fe case.

In adopting the amendment of 1951 to the Railway Labor Act and thus making compulsory membership in railroad unions legal, Congress acted to prevent the interruption of interstate railroad service by strikes. This policy is tantamount to saying that railroad unions must be given what they ask for in order to keep from striking. But there are conflicts of rights and interests; and where private rights conflict with public rights and interests it is only proper that the private rights and interests give way.

So Judge Nelson wrote in his opinion: "We are of the opinion that the making and enforcing of a union shop agreement such as that proposed by the defendants would violate an essential and inherent right of man, regardless of any constitutional provision. The genius and the spirit of our country is based on the worth and essential value of individual human personality. . . . In our opinion, it cannot be successfully denied that that which denies a person the right to work at any of the ordinary vocations of life that he may choose to work at, or that he may be fitted for, effectively denies to him his liberty, the pursuit of happiness, and the means of obtaining a livelihood, which is to say, life itself." **END**

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*A sports editor picks*

## 12 best fishing holes

*Although no one—including us—may agree with these selections, the author provides a vicarious trip to where they're biting—next best to being there*

**By ERWIN A. BAUER**

PICKING fishing places is a peculiarly thankless enterprise. Any list is bound to draw immediate criticism from those whose favorites are left out. It will bring belated criticism from those who try one of the selected spots and find the fish perverse.

But, next to going fishing, a true fisherman likes to talk about fishing. So here we are going to talk fish—in the hope that the joy of doing it will outweigh the criticisms. In the hope, too, that those who follow our advice will have as much fun as they anticipate and that even those who disagree will enjoy a vicarious vacation while they ponder these selections.

### *Yellowstone*

A century ago campfires along the western frontier buzzed with the stirring tales of Jim Bridger. Many of his listeners described his accounts of the still unknown Yellowstone country as the babblings of a tired old man. Some said he was just a liar.

But last summer my neighbor had a similar experience. He spent three weeks filled with unbelievable trout fishing in the Yellowstone and then had difficulty convincing friends that

his fishing tales were true. Only a series of snapshots his wife had thoughtfully taken spared him the sort of ridicule heaped on old Jim Bridger.

Yellowstone, you see, is one of the finest fishing holes in a land that has many. Nearly 20,000,000 fishing licenses are sold annually to citizens who can choose from the greatest variety of fishing anywhere, and each year an increasing number travel the long miles to reach the trout streams of Yellowstone. It's a family fishing spot, too, surrounded by magnificent, primitive scenery. Behind you there may be a snow-capped peak or a steaming geyser and, in an adjoining meadow, the grazing harem of a bull elk.

True technicians of angling soon discover that the waters of our largest National Park were made for them.

Brown trout, rainbows, but mostly cutthroats, will rise to flies drifted along the Yellowstone, Firehole, Madison, Gallatin and a hundred other rivers. Roadside trout are somewhat wary, back-country trout unsophisticated. The fisherman's family, meanwhile, can fish from the famous Fishing Bridge and quickly fill a limit while chatting with visi-



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tors from other sections of the country.

No license is required in the Park. You can pitch a tent in public campgrounds, rent a cabin, or check in at one of four fine inns. Rates for the latter compare to first-class hotels.

### Bass Islands

There is no fishing monopoly at Yellowstone. I can leave my home in the Midwest and make my first cast in fertile fishing water less than 45 minutes later. Flying time, Columbus, Ohio, to Lake Erie's Bass Islands, is 30 minutes.

Commodore Perry's men established the precedent at Put-in-Bay. They fished for food while equipping for the campaign against a British fleet. People have been fishing there ever since—and today, discriminating sportsmen make it a year round affair. In summer they troll rocky reefs for large walleyes or cast bars and shore lines for smallmouth bass. From April until October they follow schools of feeding white bass. When the frozen surface of Lake Erie is safe—and sometimes when it isn't—they huddle in warm shanties. It doesn't take long to fill burlap sacks with perch and pickerel.

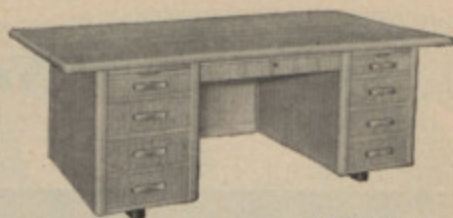
Possibly because the smoke and haze of Detroit, Toledo and Cleveland dulls the horizon on clear days, the Bass Islands are not too celebrated as fishing spots. But for action, without luxurious accommodations, this place is hard to beat. And it's easily accessible to millions of sportsmen. Airstrips are located on the three major islands. An airlift and an auto ferry operate on schedule from Catawba to Put-in-Bay where boats and quarters are inexpensive.

### Padre Island

But perhaps you want adventure. Maybe you want to avoid populated places for an opportunity to explore while you fish. Hundred-and-thirty-mile-long Padre Island, flanking the Texas coast, should fill the bill.

Only recently accessible to motor traffic, you can surf cast for channel bass and a dozen other game fish on Padre Island, along vast expanses of primitive and undisturbed sand dunes. You may stumble on rare seashells or shipwreck curios as you hurry to the place where gulls are screaming over a school of feeding weakfish. It's a land of sunshine and shore birds, informality and discovery. It's said that Jean Lafitte concealed but never recovered a treasure there.

Excellent accommodations are available in Corpus Christi and Brownsville, just across the Laguna Madre. Or you can find a secluded



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spot on the sand and live from your car. Drinking water is a few feet under the sand, and there is plenty of driftwood for campfires and pompano broiling. Take surf casting equipment or figure to supply your needs at Corpus Christi. Boats for Aransas Pass fishing are available there, too.

### Hayward Lakes

Across the nation, in another top-notch fishing region, a Wisconsin resort owner asked a bridegroom why he was going bass fishing on his honeymoon. The answer—"Well, the musky season is closed, isn't it?"—somehow didn't startle him too much.

Residents of the Hayward Lakes area are accustomed to musky addicts. They say you haven't been musky fishing until you've done it there. They back it up with a number of world records, including the most recent of 69 pounds 11 ounces. That one came from the Chippewa Flowage, largest of hundreds of lakes in the group.

But the muskies that brought fame to Hayward and to Wisconsin are not alone responsible for making the area one of America's best fishing holes. Musky fishing is hard, uncertain work. It's a sport for only the most diligent of trophy fishermen. True, jumbo muskies have been landed by inexperienced housewives on August afternoons, but don't depend on it. Fortunately, the Chippewa River, Ghost Lake, Teal Lake, Moose Lake and other adjacent waters abound in bass, walleyes, and pan fish—all more easily taken by all members of the family.

Hospitality is a practiced art around Hayward. The citizens go all out. There are accommodations to fit every bankroll, but American-plan resorts are most popular. Some are rather expensive, but all the services rendered make it a good buy.

### Sierra Nevada

While Hayward has long been popular with sportsmen, comparatively few have fished in the California high-country—in the alpine lakes and streams of the Sierra Nevada. It's country that isn't too easy to reach. But the rewards are ample for any who don hiking shoes or mount a saddle horse with the intention of gaining altitude. Rare and exquisite golden trout are at the end of the line.

Eastern Sequoia National Park is completely roadless. Only foot trails criss-cross the meadows and evergreen forests on the way to the desolation and the glass-clear lakes at high altitudes. Incidentally, Mount



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Fishing lakes in the shadow of the big peak often is merely a matter of getting a lure into the water. The trout, especially those off the beaten track, are uninhibited both in striking and cavorting when hooked.

Entrance to the golden trout fishing is best either from Giant Forest, site of several groves of giant redwoods, or at Mineral King. You can rent mountain equipment, saddle and riding horses in both places. Guides are available.

## Olympic National Park

A thousand miles north of Sequoia—as far northwest as you can go—is another fabulous fishing hole. It's located on a mountainous peninsula with a rainfall that reaches 130 inches a year. The lower elevations of Olympic National Park are covered with "rain forests"—lush, jungle-like growths—and the high country is pasture for rare Roosevelt elk and other wildlife. Dozens of clear, cold rivers, starting in the snowfields, cascade toward the Pacific on the west and Puget Sound to the east. This is truly fisherman's country.

Steelheads come from the sea into rivers like the Queets, the Hoh, and the Sol Duc to spawn. Anglers come from across the nation to make the most of it. New influxes of fishermen arrive for each salmon run, too. Rainbows and cutthroats thrive in the alpine lakes and in streams like the Dosewallips, Humptulips and Quinault. A beautiful, distinctive speckled trout is found only in Crescent Lake; none have been identified anywhere else in the world.

No auto roads completely cross the Olympic range or the Park. There are a number of access roads, as at Sol Duc Hot Springs and along the Quinault River, but you get into the back country only on foot or on horseback. The magnificent scenery and fishing is well worth any sore muscles you acquire. And remember to carry a raincoat.

## Moosehead Lake

In Greenville, Me., there's a large landlocked salmon mounted on the wall of a general store. A stranger noticed it one day and commented, "The man who caught that fish is a liar."

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Fishing starts early in the bay. Fishermen can expect runs of white perch, herring and shad in that order. The latter is a fighter on light tackle. After that the rocks, or striped bass, start moving. In mild winters they're still moving as late as December.

All summer long, outdoor people collect along bridges, piers—or go out on charter boats to dunk bait for spot and croakers. In the brackish



bays and estuaries there's fast fishing for largemouth bass and pickerel; sometimes you can catch them right beside the stripers on light casting tackle.

Boats, bait and tackle are available at hundreds of places around the bay. There are waterfront accommodations—or you can stay in Washington, Baltimore or Annapolis.

### Kentucky Lake

Almost overnight, several years ago, the recreational habits of 1,000,000 people in the Irvin S. Cobb country of eastern Tennessee and Kentucky were altered. It happened when the gates of Kentucky Dam, the spigot of the Tennessee Valley, were closed. A lake 184 miles long—with a lengthier shore line than Lake Michigan—was formed.

Fishing in giant southern reservoirs has followed a pattern. It reaches a phenomenal peak after several years and then rapidly declines to mediocrity. Kentucky Lake is just now attaining the peak years. Sportsmen are taking strings of bass,

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crappies and bluegills that have even the biologists guessing. They've given development and publicity copywriters plenty of material for news releases.

Kentucky Lake is one place where erection of fine inns, motels and cabins has not lagged behind completion of the lake and the onrush of anglers. The state of Kentucky set the example with its 1,000 acre park and its two beautiful lodges. There are no closed seasons—at the park or on the fishing. Be sure to sample Kentucky catfish and hushpuppies.

### Current River

Farther to the west another dam was planned, this one on Missouri's Current River. To date it's still no more than a plan and fishermen hope it goes no farther than that. A float trip on the Current is a trip you will never forget.

You can start at Eminence, Doniphan, Van Buren, or any of a half dozen others for a trip by "chair car." You take your fishing tackle; that's all. The outfitter furnishes boats, guide, food, tents, beds, utensils—everything. If you like, you can help chop wood and wash the dishes. But it isn't necessary. The guides take care of it while you fish or loaf.

You drift by scenery that is breath-taking, past high palisades and rocky ledges under which small-mouth bass are hiding. You hurry over riffles, then stop to cast for bass and walleyes below them. At night you try for the real jumbos that invade shallow waters to feed, or you can relax around a campfire while the guide plays mountain music on a fiddle.

Float outfitters take parties of any size, but you must have reservations. Trips, depending on length and equipment used, are reasonable to somewhat expensive.

### Minnesota

Up in the Minnesota vacation country you hear a lot about Paul Bunyan. In fact, they call that picturesque region around Brainerd, Paul Bunyan Land. The legendary lumberjack who traveled with a blue ox was credited with many feats of strength. Just one thing gave him trouble; often he would hook a fish too big to land.

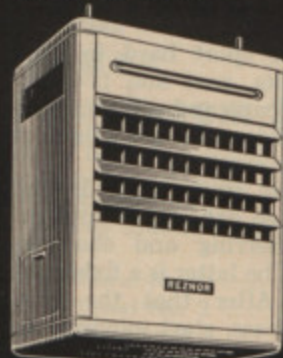
People are finding that it still happens every year. In the larger lakes—Whitefish, Pelican, Gull—the walleyes run to good size. Collecting the limit is elementary. In smaller lakes, in the back country ponds, there are largemouth bass. Northern pike and pan fish are everywhere and are easy to catch.

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in Paul Bunyan Land, too, but it has a different personality than the roily monster downstream. Large bass and northern take lures cast to the edges of wild rice beds—especially early and late in the season. Then surface plugs dropped easily on the water provoke savage strikes.

The Brainerd area is liberally covered with camps and resorts—from luxurious modern ones to cottages without plumbing. Even the finest are not too expensive. It's good country in which to carry a camera; you'll want to photograph some heavy stringers.

## Florida

All of Florida is a superb fishing hole, from the Okefinokee Swamp on the northern border to the Ten Thousand Islands. That covers more than 30,000 lakes, thousands of miles of rivers and beaches, and bays too numerous to list. Add to



that the reefs and deep fishing areas off shore. But outstanding, even in such a paradise, is the fishing around the Keys.

Name your favorite species of salt-water fish. The chances are good you can get more and bigger ones around the Keys. Tarpon, snook, ladyfish, snappers, mackerel, wahoo, jacks, they're all there. And most celebrated of all, some days the mud flats are alive with bonefish. They're not as hard to hook, either, as you may have heard. But there's little doubt about the knockdown fight they give.

Even if an almost impossible stroke of bad luck haunts you while fishing the Keys, the trip across the overseas highway would compensate for it. It's pure adventure, unlike any other drive in the world. Even the place names are fascinating; Key Largo, Matecumbe, Islamorada, Plantation Key, No Name Key and Whale Harbor. You can stop to fish at any one of them. Or, better still, you can stop between them.

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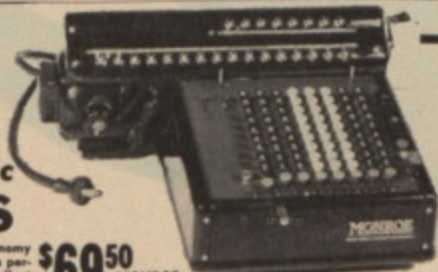
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THERE ARE 32 Chamber committees. Each committee studies trends, developments and national issues as they relate to a particular segment of the economy.

Each committee reports its findings and recommendations to the Chamber's Board of Directors.

In some cases, the report is the basis for a proposed

## CHAMBER OF COMMERCE

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policy declaration to be voted on by the Chamber's membership. In other cases, the report is for the guidance of the officers and directors. In all cases, the Chamber is kept expertly advised on the current scene by men who know.

IT IS GOOD for the future of business that these competent, outgiving men are willing to give of their time and thought to serve on National Chamber committees, as they do.

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# TALENTED TAPE TAPS NEW

TAPE, fast-growing marvel of the electronic age, soon may affect every aspect of your daily living.

Today tape is tackling a startling variety of jobs in business, education, science, medicine, agriculture and the arts. Blackmailers are using it to force payoffs; police to halt crime, farmers to speed pig and chicken feeding. Tape serves as the report card for intricate guided missile tests; the memory for electronic brains and the master for complex robot factories. It's even branched out to make possible a new kind of television and motion picture.

The tape that's cutting complications is an extremely thin, strong ribbon of either plastic or paper, permanently coated on one side with isolated particles of iron oxide—10,000,000,000 to the inch of normal quarter-inch width. In recording, sound waves are converted to electric impulses, pass through an electromagnet known as the record head, and orient the oxide particles into invisible magnetic patterns which reflect the original sound. For playback, the process is reversed. The tape's magnetic pattern sets up small electric currents in the electromagnet. These are then amplified and reproduced for listening or adaptation to a multitude of uses.

Tape's simple appearance is deceptive. Manufacture requires controlling tolerances of millionths of an inch. Nevertheless, in six years the tape makers have developed a \$8,500,000 annual output. The 36 recorder makers—most of them newcomers—last year did a \$68,500,000 business, 80 per cent higher than in 1952. That's just the start because tape's uses are as complex and varied as man's brain—with new reports arriving daily.

In Springfield, Mo., a couple of cobras escaped from a traveling circus and eluded every effort at capture. Then someone recalled that the best way to corner a cobra is with a Hindu snake charmer; but importing Calcutta callers is expensive. A

tape recording of a charmer's wails played on a sound truck cruising the streets enticed the cobras.

A Boston businessman has his wife tape all the afternoon ball games. Equipped with beer and box score, he listens to his private playback each evening. Another New England hobbyist rigged up an automatic recorder to pick up bird calls; he studies them leisurely at noon instead of in the shivery dawn. Edward R. Murrow taped firsthand accounts from Korean battle lines. And Professor Allan Nevins heads a Columbia University project taping a first-person oral history of our times.

Scores of individuals are doing similar things. Many parents make "sound albums" of their children's voices over the years. One man, advised he had only a few months to live, recorded everything from bedtime stories to the facts of life as his legacy, asserting: "I want my youngsters to remember their Dad. This way I can be close to them a long time."

Tape's most exciting new talent is its ability to take pictures which can be played back immediately on the same machine. Half a dozen companies are working on systems to take electronic photographs, and recently RCA demonstrated that it could record color as well as black-and-white action for television on tape. As with sound recording, light rays from the camera subject must first be converted into electrical signals, but there are several million instead of thousands of signals to be recorded every second. RCA's equipment is the size of three big refrigerators, and has no price tag. But, officials say, in two years video tape recorders will be available commercially.

Directors then will be able to photograph more shows, see "takes" immediately, and achieve new mobility and perfection. Editing will require only a stop watch, scissors and splicing tape. A director in Holly-

wood will even be able to supervise production on Broadway—or the other way around. Military application is certain because reconnaissance planes will be able instantly to relay back an electronic photo of what they see.

One of tape's most dramatic new uses has come about in the entertainment field. Bing Crosby is credited with giving tape its big initial push when he resented spending his dinner hour in a Hollywood studio so that eastern listeners could hear a live radio performance at ten p.m. In 1947 he asked if his weekly show could be recorded for later broadcast. American Broadcasting tried but cutting and editing difficulties brought poor results. Then Bing learned that engineer Jack Mullin was helping a small firm, Ampex Electric, design an Americanized version of Magnetophone, a German tape recorder seized by the U. S. Alien Property Custodian. Experiments worked out so well that Crosby Enterprises, one of his many alert-to-the-buck subsidiaries, became sales agent for Ampex, and ABC switched to tape.

With mass production of high quality tape by Minnesota Mining and Manufacturing Co., the Scotch Tape people, the new recording medium quickly spread into every phase of entertainment. Today most film and phonograph recordings, plus the music you hear on planes, trains, buses and in supermarkets, is taped. The new stereophonic sound for 3-D and widescreen movies was made possible because several different sound tracks could be magnetically recorded and reproduced on narrow tape. Cinerama uses seven different sound tracks.

Veterans Administration hospitals have established a tape network with top stars recording special programs. Since tape invariably inspires imitation, men unable to move far from their beds are also recording shows with duplicates riding the institutional circuit. Said one doctor: "It's



# MARKETS

given the men a new lease on life."

Elsewhere radio dramas are being produced on tape without actors ever seeing each other. With parts and instructions sent by mail, they record at leisure, send tapes to the producer for editing and splicing. During Daylight Saving months, networks tape shows in New York or Chicago, play them back later to stations in other time zones.

More than 275,000 recorders were sold last year and the number is expected to double in 1954. Portable home machines cost from \$75 to several hundred dollars and you can put an hour's music or speech onto a \$3.50 tape that is re-usable indefinitely.

Ability to enable one to be in two places at once has perhaps led to tape's widest array of uses. When Adlai Stevenson couldn't attend the Young Democrats' Minneapolis convention, he taped his address. The recently elected mayor of Corpus Christi, Texas, conducted his campaign by taped speeches while off in the Mediterranean.

Queen Elizabeth II and Prince Philip on their globe-circling tour chose tape to send messages to Prince Charles and his flaxen-haired sister. What's fit for a queen has been employed by thousands of servicemen. From blockaded Berlin in 1950 an airlift pilot wrote a Chicago recorder manufacturer for equipment to send messages to his mother. Tape recorders are now installed in many overseas service clubs, proving a major morale builder to the men.

Use of tape for scientific research and education also is expanding. Tape recorders have been fired into the stratosphere, sleighed to the South Pole, pack-trained into remote South American jungles. By recording sound wave reception, seismic explorers get the undercover story of earthquakes and oil deposits without expensive shaft sinking. Navy experts found taping and amplifying undersea sound improved enemy

vessel detection. Peacetime applications are just as good. Commercial fishermen can track down schools, and even determine size and variety, by recording and amplifying fish talk, the otherwise imperceptible fish language whose frequency ranges from ten to 100,000 cycles per second.

Industrial sound tests are taped, noises isolated by filters and microphone arrangement to engineer quieter, more efficient products. One auto maker, uncertain about effects of windshield wiper sounds, submitted tape recordings to a jury of motorists. Extended-range magnetic recorders provide new, exacting aids for studying guided missile, aircraft and rocket tests. Because tape can record many different information tracks, velocity, weather, humidity, air pressures, stresses and strains can be recorded for scientific study. Kept or automatically radioed back, the taped data may then be fed directly into new electronic computers. Everything relevant to a guided missile test costing \$1,000,000 is recorded on a tape costing under \$10.

Busy students—and doctors—are spinning tape to help absorb information more quickly and easily. At Philadelphia's Hahnemann Hospital, students play back tape recordings of rare heart sounds until distinctive beats become unforgettable. The University of Nebraska goes farther. Doctors in remote communities record and phone in patients' heartbeats. Re-recorded and played for a group of specialists, they make diagnosis possible within an hour.

Time compression via tape is being used in other ways. Dr. Grant Fairbanks of the University of Iowa has invented a device which skips small portions of a taped message, "shrinking" speech up to ten per cent without detectable distortion. The aim is to get information across faster. Inspiration came from an admiral's 1943 warning: "We're in danger of losing the next war because we can't talk to each other quickly enough." A California radio

station has varied the idea by taping its shows, then playing them at twice normal speed over telephone cable to its Hawaiian outlet which plays them at normal speed; cuts line costs to a minimum.

Because equipment can be miniaturized, tiny recorders are becoming a vital tool against crime. Some detectives have rigged microphones into canes and briefcases. In Oregon police record on-the-spot accounts of accidents and firsthand descriptions of crime escapees. In Chicago Perry Wolf, reporter for Chicago's WBBM, recorded a man trying to sell him marijuana and Heroin; forced a police cleanup.

There's still much disagreement about the legality of taped evidence. Sections can be easily switched around, taken out of context without apparent difference, save to the most trained ear. However, Judge Charles S. Dougherty of the Chicago Criminal Court called recordings of a firebug's confession "the highest type of evidence," and in one case tape put a first degree murder confession before a jury.

The number of firms using tape to record meetings and aid sales training is incalculable. Allen Electric, makers of automobile testing equipment, trains garage men in their own shops via taped talks. Insurance firms are using tape refresher courses; others have recorded sales idea exchange clubs. A New York agency has salesmen tape customer reaction; account executives prepare presentations from the recordings. Western Lithograph in Los Angeles tapes salesmen's reports.

Some believe that within five years tape will replace punch cards in most calculators. Since a 1,500 foot reel can hold 1,500,000 digits equal to 12,000 punch cards—and handle information 1,000 times as fast—you'll be able to check automatically any item from among thousands in seconds. Tape can run billing machines, make time and motion studies, provide quick analyses of mass statistics, and be used for any type of business information.

Tape's limitations can't be seen as yet. It's even served as its own crime detector. Not long ago a Bronx policeman picked up three youths attempting to sell a recorder to a pawn broker. There was no proof of theft until the detectives played the tape. Then came a woman's voice: "Mommy's name is Sylvia . . . Dad's is Max . . . you are Ronnie Ackerman." Police soon located Dr. Max Ackerman, found his recorder had been stolen—and with the taped evidence that spoke for itself, put the trio in jail.—RAY JOSEPHS **END**



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**WHAT IS THE MAJORITY VIEWPOINT?**

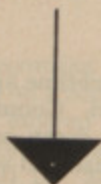
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**NATION'S BUSINESS**  
1615 H Street, N. W.  
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# TRUCKS CONQUER THUNDER



THE THUNDER of the highway truck is about to be muffled. Also quieted will be the complaints of transient motor court guests and permanent residents of trucking crossroads such as Toledo and Baltimore, and thousands of other towns where people live along truck routes.

The comparative silence will be the direct result of a research program begun in 1947 when the Automobile Manufacturers Association and the American Trucking Associations, Inc., decided to find out, first, why trucks were noisy, and second, what to do about it.

The first part was easy. Trucks were noisy because baffle plates had been knocked out of the mufflers of both gasoline and diesel trucks in an effort to increase power. Engineers said that the power gained did not justify the noise—an opinion that did not convince the type of driver who liked to roll along in a thing that howled like an earth-bound B-47.

Unhappily, trucks were far from mute even with baffle plates in place. In those days the muffler was hung on a new truck almost as an afterthought. Muffler makers said the truck manufacturers would not pay for an efficient silencer. The manufacturers, in turn, said the operators wouldn't pay the extra cost of a good muffler.

With the cause thus isolated, the truck makers formed a committee to study the problem in cooperation with the Society of Automotive Engineers. SAE developed a noise-measuring instrument and tried out some experimental mufflers which offered little improvement; later it withdrew from the study and ATA took over.

In May, 1950, ATA's Equipment

Advisory Committee called a meeting of engineering representatives of the truck manufacturers, muffler makers and material suppliers. The result was a muffler committee on which both the manufacturers and operators were represented. This group aimed its research at the question: When is an exhaust noise objectionable?

An answer depended on a noise-measuring instrument. The one SAE had made had been dismantled and before another could be produced the Korean war with its heavy demands on the trucking industry interrupted the committee's work.

In 1951 the Equipment Advisory Committee of ATA met again. Meanwhile Armour Research Foundation of the Illinois Institute of Technology had conducted various noise studies and developed—and was willing to sell—sound measuring equipment.

ATA appropriated funds to continue its own study and asked Armour Research Foundation to handle the work.

The Foundation perfected a measurement system known as the Beranek-Armour Equivalent Tone Method, a long name for a comparatively simple procedure. A jury of observers listens as trucks pass an observation point and the observers make notes when they find exhaust noises offensive. Simultaneously, a tape recorder picks up the same noises and feeds them into a machine which calibrates them.

The study showed that truck noise above a level of 125 sonas was objectionable. A sone is a fine-line measurement of sound.

To hold the noise at this level or below, the AMA is urging the nation's 20-odd truck makers to adopt a new standard for truck muffler design—heavier and of more durable materials.

General Motors has already announced that it will go along with this request. Its new "silent-power" system mufflers are a reverse-flow type, larger than previous units and made more rigid through use of heavier gauge metal.

The United States is producing trucks at a rate of about 1,000,000 a year and the sound-stifling mufflers recommended by AMA will show up first in new fleets. Meanwhile, some leaders of the trucking industry are calling for more rigid enforcement of existing vehicle laws to control the noises caused by older trucks.

Eight years of study, worry and occasional intra-industry disagreement have brought trucking closer to solving its noise problem and demonstrating its regard for public opinion.

—PAUL HENCKE





# notebook

## Business scholarship program

THIRTY high school seniors who show promise of becoming business executives of the future will receive \$2,500 full-tuition, four-year scholarships to New York University's School of Commerce, Accounts and Finance, through a plan which the school will finance and in which chambers of commerce of the students' home towns will cooperate by helping select candidates.

The study grants begin with the 1954 fall semester at N.Y.U. By 1957-58 some 120 students will be enrolled in one of the largest business scholarship programs offered by a private institution.

In announcing the project, Dean G. Rowland Collins explained, "It is for the colleges to train the business leaders of tomorrow. The purpose of these grants is to attract students who show a leadership potential and to help finance their education."

Although the leadership factor is important, scholarship record and character also will be considered. Chambers of commerce in the cities the plan covers will nominate two candidates. The university will make the final selection.

Cities which have accepted invitations to participate include:

Wilmington, Del.; Indianapolis and Richmond, Ind.; Lexington, Ky.; Portland, Me.; Baltimore and Hagerstown, Md.; Keene and Manchester, N. H.; Atlantic City, N. J.; Albany, Buffalo, Elmira, Rochester, Gloversville, and Syracuse, N. Y.; Akron, Columbus and Dayton, Ohio; Allentown, Johnstown, Reading and Scranton, Pa.; Woonsocket, R. I.; Burlington, Vt.; Charleston and Wheeling, W. Va.

## Clinic improves community

THE COMMUNITY clinic where citizens are invited to give their views as to what is wrong with a town and what should be done to correct it has been gaining a good many followers since the war. Most people agree that this method should accomplish something. Few cities have gone far enough to be sure what.

For those who are uncertain, Pine Bluff, Ark., provides an inspiring example.

In February, 1948, under the auspices of the Pine Bluff Chamber of Commerce, 687 adults and 186 members of the senior class were invited to submit ideas for community betterment. It is perhaps significant that every one of the students attended at least one of the 19 meetings. So did 370 of the adults.

The meetings produced 678 suggestions containing 217 specific recommendations which formulated an excellent program of work for the Pine Bluff Chamber.

At this year's annual meeting the chamber reported on the "Build Your Home Town Program."

Of the 217 projects suggested, 123 have been completed; work on 67 others is going forward.

Although the projects range from fairly ethereal ideas to such mundane suggestions as better garbage disposal, they can be wrapped up in some inclusive statistics:

In the six years of the plan, Pine Bluff and Jefferson County gained 22 industrial plants; 25 others expanded; building permits issued totaled \$14,650,000; 1,857 houses, costing \$7,150,000, were built; new highways and highway improvements totaled \$7,700,000—and population grew from 21,290 shown in the 1940 census to an estimated 43,500 this year.

Moreover, says out-going chamber president Charles W. Scarborough, "the attitude and friendly spirit of the people is perfect."

## One ruby red grapefruit

WILFRED OWEN, whose article on snow removal from highways appeared in a recent issue of NATION'S BUSINESS, seems to be in the wrong line of work.

Obviously, he could contribute much to our diplomatic service.

His NATION'S BUSINESS article stated, "snow and ice can be expected in all parts of the nation except Southern California and Florida."

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## Pete Progress and a springtime fancy

Comes Spring and people act like they swallowed an overdose of vitamin pills. All of a sudden a town resembles a mill pond roiled up by ten thousand skittering water bugs. One side for Junior, jet propelled on skates! Look out for the teen-age bicycle brigade! Step lively, Hot-rod Harry's on the loose!

Spring's the time when we drivers could use an extra pair of eyes. Kids turn up in the darndest places, and when you'd least expect them. That's why your Chamber of Commerce asks us all to be a lot more careful behind the wheel. Be sure the coast is clear backing out of driveways. Don't make a race track out of residential streets. Obey traffic signals like they were tough sergeants in the Army. Know your car. Keep it in A-1 condition, check your brakes, tires, horn, lights — and most of all check your speed. Let's keep Spring a happy — and safe — time of year.



*Pete Progress speaks for your chamber of commerce, an organization dedicated to making your community a safer, healthier, pleasanter place to live and work. Every project backed by the chamber is a boost for the community.*

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merce, took spirited exception. He wrote Mr. Owen that "snow-blocked roads have never been seen in this area" and mentioned that beans, tomatoes, roasting ears and citrus fruits were being harvested in the valley at the very time the writer, by inference, had predicted a freeze.

Mr. Owens' reply, which could probably serve as a guide for all diplomatic correspondence, so beguiled Mr. Bell that, when the letter closed with a request for one luscious, red blush, ruby red grapefruit, Mr. Bell hastened to comply.

### Photos protect stores

RETAILERS and police of Omaha are cooperating in a new approach to crime prevention in the stores.

Full-length color slides of known bad-check passers, pickpockets and shoplifters are being circulated among store personnel.

A police inspector came up with the idea but the department had no funds to put the plan into effect. Retailers provided the money.

Now the pictures are shown at meetings of store personnel and the lawbreakers' methods of operation are described. Thus briefed, store workers should be able to spot these persons when they enter the store and put preventive machinery in operation.

### Reserves for rural fires

PERHAPS the most important problem facing city and village fire departments which also serve rural areas is the lack of water. Sending a tank truck to the fire is all right—so long as the water lasts. But frequently the truck runs dry.

The volunteer firemen of Cottage Grove, Wis., have met this difficulty with a system which they believe to be unique.

The firemen picked up a number of discarded farm water tanks. They patched them up and built a rack for them next to the fire house. Then they talked to farmers who owned pick-up trucks.

Now when a farm fire breaks out near Cottage City, seven farm truck owners drive to the fire house. Each puts a tank aboard his truck, fills it with water and hurries to the fire where the department's 500 gallon fire truck is already at work. As extra water is needed, the farm trucks are tapped and, as each is emptied, the driver speeds off for another load. The fire truck stays at the fire.

Only actual cost of the system was the purchase of two portable pumps to move water from the pick-ups into the tank truck.



# 7 LIVES

# \$2,000

AMERICA'S scheduled airlines carried more than 97 per cent of the 34,554,000 persons who traveled on U. S. government-regulated airlines last year.

These are the country's main trunk and feeder route lines, operating on regular schedules. They have been developing for more than 30 years on the foundations laid by our air pioneers.

The other nearly three per cent, or 787,000 passengers, were carried on what the government calls irregular carriers. These nonscheduled lines generate traffic wherever they can, and aim to take it where it wants to go. They have been particularly successful in getting government contracts for mass movements, generally involving armed services personnel. In this classification they flew more passenger miles last year than did the scheduled lines. It accounted for one third of their business.

Nonscheduled carriers in their present form are a comparatively recent development. Mainly, they result from the fact that World War II produced a surplus of military aircraft and experience in operating them.

Both types of airlines and all other civil aviation are regulated by two government bodies, the Civil Aeronautics Board and the Civil Aeronautics Authority. They share responsibility for the safety of the public, in some sort of division that is not always clear. Nevertheless, they may act swiftly and surely when they are so moved.

Let's look at the air carriers' safety record for last year. The CAB reports the fatality rate on scheduled airlines was .6 per 100,000,000 passenger miles flown. The fatality rate on nonscheduled carriers was 11.1, measured on the same scale. That is more than 18 times greater than the fatality rate of the scheduled lines.

Why? How could one be so much greater than the other? Not because of the nature of their flights, since scheduled airlines carried 221,000 persons on off-schedule charter service—comparable to the nonscheduled operations—without a single fatality.

Could it be because one operation is bigger than the other? Hardly, since size and safety do not necessarily go hand in hand. And some nonscheduled carriers are bigger than some scheduled airlines. The size issue seldom is raised, except by the professional bleeders for an imaginary segment of American busi-

ness which they call, for their own political or economic gain, small business. Actually, some irregular carriers have as good safety records as have scheduled carriers.

But not all, as the figures prove. Let's look at the record of one nonscheduled carrier, picked at random, and not necessarily either typical or average:

The record starts with 1947 and a fine of \$100 for various deviations from safety regulations, including overloading a plane. The CAA calls such fines "civil penalties." They are not the result of court action, but are negotiated between the accused and the accuser.

In 1948 the same line was fined \$200 for failing to comply with safety regulations. In 1951 it was fined \$1,500 for overloading on 13 different flights, and for other violations.

Later that year, 56 persons were killed when one of the line's planes crashed shortly after take-off from Newark Airport in what the CAB said was an overloaded condition, but which the CAA said was not a safety violation, or at least was not provable in court. There was no penalty or other disciplinary action, although the bureaus have authority to suspend or revoke the line's operating privilege.

Last year a plane of the same line crashed with a loss of seven lives in the mountains near Seattle. CAB investigations indicated that faulty maintenance, such as using spark plugs long after their recommended life span, caused the engine failures that preceded the crash. The CAA reports it is currently negotiating with the carrier for a \$2,000 penalty.

Now let's compare that shocking record of bartering for dollars over the loss of human lives with the swift, sure action of the CAB and the CAA in the case of Arthur Godfrey, accused of flying his airplane too close to a CAA control tower during a take-off at Teterboro Airport. Mr. Godfrey, an experienced airman, said whatever swerving was done was caused by a crosswind, and was unavoidable. There was no accident.

In this case, however, the CAA and the CAB took their responsibilities most seriously, even though no human life had been lost. They suspended Mr. Godfrey's license for six months.

The contrast in these two records indicates that it is the investigators themselves, those government bureaus responsible for the protection of the public safety, who need investigation.





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## THE RECORD PAYS ITS WAY

A FEDERAL Power Commission hearing was going full tilt when a man sitting off by himself held up his hand. Fifty lawyers, public utility executives and government officials in the room stopped everything and looked at the man.

"How do you spell that 'Awgin-bow?'" he asked.

"Oh. A-u-g-h-i-n-b-a-u-g-h," one of the lawyers said. "Sorry I didn't tell you when it came up."

The hearing resumed. It had been interrupted by a rare sound—the voice of the shorthand reporter.

Big government would be lost without this anonymous man and his 70-odd colleagues in Washington. In any official proceeding where the stakes are high, the subject controversial, and the possibility of appeal strong, an accurate record of every word spoken is important. Yet the interrupting shorthand reporter at the FPC hearing wasn't a government employee. Neither are most of his colleagues.

In fact, the government often doesn't even pay them. Instead, their employers pay the government for the privilege of taking official proceedings down in shorthand and subsequently, sometimes within hours, providing a typed or mimeographed transcript. Sold at approximately 50 cents a page to the interested parties, the transcript can bring in money like an oil well—if there are lots of interested parties. The fact that sometimes there aren't many is what keeps shorthand reporters and their employers out of the top income brackets. But they do all right.

Plenty of people, mostly women, know something about how to lasso rapid speech so it can be reproduced in print. Few people, and they are mostly men, can do it fast enough to function dependably in Congress, a court, or a federal hearing agency. A person talking at a normal speed, without faltering, can get out about 185 words a minute.

That is a good deal faster than the average businessman dictating to his secretary. Thus the starting point for anyone who hopes to take down everything said in a trial or some

other official proceeding is the ability to do shorthand at a rate of 200 words a minute.

But a lively discussion is likely to run as fast as 300 words a minute, and the shorthand reporter has to keep track not only of what is said but also of who is saying it. So a shorthand reporter has to be fast.

There is a chronic shortage of such reporters.

The shortage is surprising in view of the money a good shorthand man can make. The sedate men who take down the debates of the Senate and House receive almost \$12,000 a year each. The average reporter working for a Washington shorthand reporting firm can expect to make about \$6,500 a year. A few top \$12,000.

Most of the federal government's shorthand work is done by private firms. This is true of all executive agencies and nearly all congressional committees. Most of the shorthand reporters have been cleared for security so they can work for committees that go into the nation's military secrets.

Each executive agency awards an annual shorthand reporting contract on the basis of competitive bidding. Sometimes the bidding is so competitive the reporting firm winds up paying the government agency. The contract is then awarded to the firm which quotes the lowest price per page for sales to the public. Since the shorthand firms reckon their profits on how many transcripts they sell, the agencies which conduct proceedings involving numerous and wealthy people or corporations are regarded as the juiciest plums. At the top of this heap is the Federal Power Commission, which awarded its shorthand reporting contract for this year to a firm that agreed to pay a record \$53,550 for the business.

It is a rare proceeding in Washington which operates without a shorthand reporter, except two of the mightiest. Neither the Supreme Court nor the Cabinet is attended in its deliberations by such a craftsman. That is because in each case there is no higher authority to read the record.—JAMES T. ROGERS **END**



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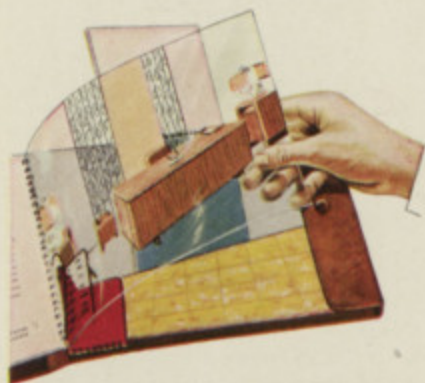
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